



Daily Report

China

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Daily Report

China

FBIS-CHI-92-135

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14 July 1992

NOTICE TO READERS: An * indicates material not previously disseminated in electronic form.

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General

'Opportunities' of GATT Membership Viewed

HK1407012092 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 13 Jul 92 p 2

[Article by staff reporter Liu Luyan (0491 7627 3601): "Opportunity and Challenge—Prospects of Restoration of China's Status as Signatory State to GATT"]

[Text] In the current world economic pattern dominated by multilateral trade structures, GATT has become the common norm widely accepted by the countries of the world. And as reform and opening up continue to expand, the ties linking the Chinese and world economies will become closer. Therefore, it is extremely necessary to restore China's status as a signatory state of GATT. GATT membership will enable our economy to participate more deeply in the world economy's integration as well as contribute to the development of trade relations on the basis of equality and mutual benefit. But at the same time, it demands that China's foreign trade structure and enterprise management comply with international trade regulations. This represents both an opportunity and a challenge.

The opportunities before us are multifaceted: Establishment of closer links with the world economy will enable China to establish trade relations with different countries on a stable and predictable basis and thus bring about greater guarantees of security. Because of the transformation of the world's industrial structure, certain areas in China's manufacturing industry have become more competitive internationally, while these same industries are on the decline in certain industrially developed countries. An open multilateral trade structure will further promote the growth of China's manufacturing industry. The reversal of China's economic trend from one of deficit to one of surplus provides a solid basis for China to use the international market and promote domestic economic growth. As long as the multilateral trade structure continues to provide China with the stable conditions to gain market access, China's enterprises will aim for greater development by expanding externally. China's own efforts to improve its industrial structure also lay down the conditions for the exploitation of these opportunities. At present, while the West is hit by economic recession, China enjoys robust demand and a dramatic surge in its economic vitality, making it extremely appealing to foreign investors. We should take advantage of this opportunity to speed up technical innovation and comprehensively boost our economy.

Opportunities and challenges are twins. Once it becomes a GATT member, China will enjoy new rights and also assume new obligations. It means that the Chinese economy will become involved in the world economy's great structural transformation, and its enterprises will be subject to the test of survival of the fittest. We have already gained success in the reform of our foreign trade structure as enterprises are gradually pressed into becoming directly

oriented to the international market. But it should be noted that it is still necessary to reform the enterprise operational mechanism to genuinely raise operational efficiency and measure economic performance by the standards of international competition. Enterprises will only have a future by introducing the market mechanism boldly and moving toward internationalization.

Some people are concerned that once we become a GATT member, foreign goods and commodities will enter freely into the Chinese market. This will restrict the development of Chinese industries, notably its newborn industries. GATT membership is intended to promote foreign trade and it is necessary to increase both exports and imports. It is not a bad thing for foreign goods to enter China's market more freely for this could raise the people's living standards as well as boost technical innovation in enterprises. The introduction of some degree of a competitive mechanism could help accelerate the development of newborn industries. To offset the excessive blow dealt by foreign goods, relevant GATT provisions like those on protecting infant industries, on balance of payment, and on guarantees may be invoked to protect local industries. In short, GATT protects the rights and obligations, as well as the balance of interests, of its signatory states. China already has a certain industrial foundation and its export structure has undergone a major change. Market infiltration is a two-way street and can only make China's economy more vibrant and robust. Views that GATT membership will deal a destructive blow to China's national industries are baseless. Faced with opportunities and challenges, we shall exert our own efforts.

Further on GATT

HK1407030092 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 13 Jul 92 p 2

[Article by Li Zhongzhou (2621 0112 0719): "China and GATT"]

[Text] GATT was established in 1948. Over the past 40 years, it has grown from 23 members in the early days to the present 103, with another 28 countries actually applying GATT rules and eight others (including China) in the process of applying for or regaining their signatory state status. Along with the development and changes in world economic and trade relations, more than 70 developing countries and regions are today signatory states of the GATT, making up more than two-thirds of its entire membership.

In the beginning, GATT was simply a temporary multilateral agreement regulating and standardizing tariff levels and trade relations among signatory states. Later, because a proposed charter for an international trade organization never materialized, GATT became the only international multilateral agreement where signatory states could draw up principles and rules on trade policies to be jointly observed by them and also promote

the liberalization of international trade. It also became an international organization with close ties with the United Nations.

GATT's basic objective is to reduce and eventually eliminate tariffs and other trade barriers by implementing and popularizing the most favored nation treatment to promote the liberalization of international trade and fully use the resources of different countries to expand the production and exchange of commodities. GATT's main principles and regulations are now widely accepted and applied in international trade relations. The volume of trade among signatory states account for more than 90 percent of the world's trade volume.

China is one of the founding signatory states of GATT. However, after the PRC's founding, China's official relations with GATT were suspended for a long time because of historical reasons. Starting from the mid-1970's, China began to gradually resume its ties with GATT. In 1981, Chinese delegates attended, in a nonvoting capacity, the talks and meetings of the third international textile trade agreement sponsored by the GATT textile commission, and formally signed the agreement in January 1984, thus becoming a member of the GATT textile commission. Moreover, under the premise of not jeopardizing the PRC Government's stand on its legal status in GATT, China began to send observers to attend, in a nonvoting capacity, GATT's general conferences in 1982, and to take part in a similar capacity in conferences and other activities of the GATT Executive Council and other subordinate organs in 1984. At present, the volume of trade between China and GATT signatory states make up more than 85 percent of the volume of its imports and exports. Particularly in recent years, with the growth of China's foreign trade and its further opening up to the outside world, GATT principles and regulations have exerted an increasingly deeper influence in China's import and export trade, while China's relations with GATT have also become closer.

On 10 July 1986, China's Government representatives submitted to the GATT director general the Chinese Government's application notice regarding the restoration of its status as a GATT signatory state. In it, China asked that its status as a GATT signatory state be restored and that it be accorded the same treatment as other developing signatory countries. Meanwhile, China was prepared to hold talks with all signatory states on the basis of tariff reduction and compromise. This step taken by the Chinese Government received great attention and positive response from the GATT signatory states. To date, 10 rounds of China working group conferences, attended by delegations from China and other signatory states, have been held. Through these conferences, China's delegation was able to make a comprehensive and detailed exposition of the existing Chinese foreign trade system, regulations, import and export management methods, economic and trade structural reform, and other subjects.

In returning to GATT, China would enjoy the accompanying rights and privileges and it is also willing to assume

the obligations of a signatory state. The early restoration of China's status as a signatory state will contribute to a strengthening of GATT's multilateral trade structure as well as to the development of the world economy and trade. At the same time, it will help promote further reform and opening up in China as well as expand its trade exchanges with different countries on the basis of equality and mutual benefit.

Commentary on Outcome of G-7 Summit

HK1307114692 Beijing RENMIN RIBAO
in Chinese 10 Jul 92 p 6

[“Commentary” by staff reporters Xu Hongzhi (6079 1347 3112), Xu Buqing (1776 2975 7230): “Meeting Deals More With Principles Than Concrete Work—On Munich G-7 Summit”]

[Text] Munich, 8 Jul (RENMIN RIBAO)—After intense three-day discussions, the curtain fell on the 18th G-7 Summit on 8 July. Someone predicted before the meeting that it would not bear much fruit. The result of the meeting verified this prediction. As usual, a number of resolutions were passed at the meeting, but many problems remain unresolved and original conflicts still exist.

On the eve of the meeting, Chancellor Kohl of Germany, the host country, pointed out that the difference between this meeting and several preceding ones lay in the fact that this meeting would put the issue of strengthening economic development in first place. This indeed reflects the chief problem among Western countries at present, i.e., the presence of many differences and conflicts in such areas as macroeconomic policy and trade balances. With regard to macroeconomic policy, the seven nations stated in the final communique that they would make concerted efforts to strengthen the recovery trend in the world economy which has not yet consolidated. They reached a consensus on some guiding principles, such as continuing to pursue tight monetary and fiscal policies to check inflation; controlling excessive public deficits, mainly through restricting public spending and creating some room for reducing interest rates by reducing public deficits; and so on. However, these principles are too abstract and the nations did not make any specific promises.

No significant progress was achieved through this meeting on the question of the Uruguay Round of multilateral trade talk¹⁻², which has been pending for a long time. On the eve of the meeting, German Chancellor Kohl said that this issue would not be brought to the conference table. However, the United States expressed its eagerness to see an agreement reached and Britain also maintained that it should be one of the major topics. As a result, the final communique of the meeting, like those of the previous two meetings, expressed “regret” over slow progress on the Uruguay round and reiterated their wish that the negotiations could be wound up before the end of this year. The main crux still lies in the uncompromising standoff between

the United States and France on the issue of subsidies for agricultural products. As a general election is drawing near in the United States, politicians are reluctant to offend their voters. President Mitterrand even said at the news conference held after the meeting that he did not think the end of this year would be the deadline.

Russian President Yeltsin held talks with the heads of the seven nations on 8 July after the meeting closed. The latter proposed a 10-point plan for "providing help to promote self-help" for Russia. The final communique also affirmed a three-stage aid program, which was a result of consultations between the IMF and Russia. According to this program, Russia may obtain \$1 billion via the IMF to help meet its urgent needs out of the \$24 billion package of aid promised by the West in April this year. Germany has made it clear time and again that it has covered more than half of the West's aid to the states of the former Soviet Union and East Europe and that it was time for the United States and Japan to undertake more. But Japan continues to insist that if Russia wants to receive more economic aid from Japan, the issue of the four northern islands must be settled first.

With regard to the provision of aid to the former Soviet Union and East European countries in order to solve safety problems at Soviet-designed nuclear power stations, Europe has also requested that Japan and the United States share the expenses. According to an estimate, \$7 billion in aid is necessary to this end. The EC is responsible for providing \$2.7 billion from 1991 to 1992 and \$1.3 billion next year. Japan, the United States, and Canada have been asked to cover the balance, but they have made no clear response.

According to statistics from the EC Commission, aid provided by the West for the so-called "Eastern bloc" from 1990 to 1991 reached DM83 billion [Deutsch marks], approximately the total aid to 136 developing countries. Many Third World countries have expressed dissatisfaction about this. Under a situation where South-North conflicts continue to aggravate, this meeting also made gestures on the provision of aid for developing countries and expressed willingness to increase economic, technological, and management aid.

On the issue of Yugoslavia, the seven nations reiterated their support for efforts by the United Nations and the EC to settle the crisis in Yugoslavia and noted in a resolution that they would "not rule out the use of military means" for humanitarian purposes.

The Munich summit is now over. As to the results of the meeting, generally speaking, it dealt more with principles than concrete work. After the seven nations attending the meeting eagerly expressed their own opinions, many problems in fact remain unresolved.

European-Japanese Summit Meeting Analyzed

HK1407072292 Beijing RENMIN RIBAO
in Chinese 7 Jul 92 p 6

[“News Analysis” column by staff reporter Chen Tean (7115 3676 1344): “Reduce Clashes, Strengthen Coordination—Brief Analysis of European-Japanese Summit”]

[Text] London, 5 Jul (RENMIN RIBAO)—During Japanese Prime Minister Kiichi Miyazawa's visit to London between 3 and 5 July, he met with John Major, current chairman of the EC Council of Ministers, and Jacques Delors, president of the EC Commission, and the two sides held a Japanese-European summit. Observers here held that this was an important move by Japan and Europe to reduce the friction between them, increase coordination, and use their economic strength to seek to play a greater political role.

After meeting with President Bush in Washington, Miyazawa continued his long journey to London for the Japanese-European summit meeting. There were naturally reasons for such arrangements. The Japanese ambassador to the EC pointed out in an article that the summit was arranged against the “background” that “both Japan and Europe were seeking to play a global role.” In order to fulfill this desire, both Japan and Europe found it necessary to “reduce” the friction between them and “increase” their coordination and cooperation in the course of competition. Both sides acknowledged that “Japanese-European relations used to be weaker than Japanese-U.S. relations and European-U.S. relations, and both sides were aware of the necessity of changing this state of affairs.” Therefore, they held the first Japanese-European summit in the Hague in July last year and issued a “joint statement,” declaring that relations between Europe and Japan had entered a new period of “reasonable competition and constructive cooperation.” The recent meeting was the second of the summit meetings scheduled to be held regularly once a year. Public opinion held that when the European-Japanese trade deficit had once again become a “serious problem” and some EC member countries condemned Japan for “scheming against Europe even when dreaming,” the holding of the summit meeting showed that the two sides were making another round of efforts to reduce friction, increase coordination, and lubricate European-Japanese relations. At the same time, for Japan's part, on the eve of the G-7 summit and at the moment when Britain took over the presidency of the EC Council of Ministers, Miyazawa tried to persuade Europe and the United States to support Japan's demand for the recovery of the northern islands from Russia.

The European-Japanese summit meeting had three main topics. The first was to “reduce” the trade imbalance between the two sides. The EC trade deficit with Japan was reduced for a time, but it increased again in the last few years and reached \$27.4 billion in 1991. The EC side strongly demanded that Japan open its market to

Europe, including its financial market. The Japanese side explained the reasons for the appearance of the trade imbalance and also agreed to adopt measures to stimulate domestic demand in order to reduce the trade imbalance. The second topic was to increase the two sides' political cooperation and technological and cultural exchanges. The two sides expressed their willingness to increase "political dialogue" and to hold regular high-level meetings. A senior Japanese official said that Japan "is a major economic power, but it still cannot independently shoulder major leading duties," and "Japan is seeking to play a new role in a drastically changing and extremely unstable world." Therefore, it is desperately necessary for Japan to "seek cooperation" with the EC and the United States. At the same time, Japan also wants to see the EC "increase its political role in world affairs." The third topic was related to Japan's demand for recovery of the northern islands. After the summit meeting, John Major said at a news conference, in his capacity as the chairman of the EC Council of Ministers, that this issue should be solved in principle, and that the EC hopes and expects that the Japanese-Russian summit meeting in September will be conducive to the settlement of this issue.

After the European-Japanese summit meeting, the two sides issued a "joint statement" agreeing to "continue their intensive consultations and seek proper solutions" for adjusting the huge trade imbalance between Europe and Japan. The statement "acknowledged" the need to increase Europe's exports to Japan. This was regarded as a result of the summit meeting in promoting European-Japanese coordination.

Public opinion here commented positively on the meeting. THE INDEPENDENT said: The meeting itself showed that the two sides hoped to avoid something like a repetition of the losses caused by last year's dispute over the car issue. The BBC held that the "joint statement" was conducive to "easing the tension in the trade relationship between the two sides."

United States & Canada

Bush Dispatching Baker To Boost Peace Talks

OW1407031092 Beijing XINHUA in English
0153 GMT 14 Jul 92

[Text] Washington, July 13 (XINHUA)—U.S. President George Bush will dispatch Secretary of State James Baker to the Middle East next week "to get the ball rolling again" on the peace talks, the White House said today.

In Kennebunkport, Maine, where Bush is spending his long weekend after a six-day trip to Europe last week, White House Spokesman Marlin Fitzwater said Bush made a congratulatory phone call to Israel's new Prime Minister Yitzhaq Rabin today and invited him to visit his summer home in Kennebunkport in early summer.

No date was set, but Bush is not expected back to the summer vacation home before August 7.

Bush told Rabin "how much he looked forward to working with him to deepen the U.S.-Israeli partnership and to promote the peace with security that the Israelis have rightly yearned for so long," Fitzwater said.

Rabin told Bush "about his desire to give the peace process new momentum, and they agreed that it would be good for Secretary Baker to visit Israel and its neighbors next week to get the ball rolling again," Fitzwater added.

Rabin won Israel's general elections last month and today's parliamentary approval for his coalition government.

On his first day in power, Rabin made a dramatic gesture to reinvigorate the Middle East peace process, inviting the Palestinian and Jordanian negotiators to Jerusalem for a "an informal talk."

Baker applauded Rabin's initiative, saying "I think that anytime Arab nations and Israel can sit down face-to-face and talk peace, it is a very good thing."

'Sexual Discrimination' in U.S. Society Viewed

HK1307111692 Beijing RENMIN RIBAO
in Chinese 10 Jul 92 p 5

["Human Rights Forum" by Fu Yan (0265 4282) and Gjuo Ji (6753 7139); "U.S. Human Rights Situation as Viewed from 'Feminization of Poverty'"]

[Text] The United States is always proud and aloof as "the richest country in the world." But in fact, poverty is a foul disease in U.S. society. In 1987, nearly 32 million people there (about 13 percent of the total population) were living under the poverty line as defined by the federal government, and most of them were women and children.

The "feminization of poverty" is quite shocking. It has become a serious social problem in U.S. society which cannot be neglected. This terminology itself vividly reveals the startling fact of the serious inclination of poverty toward women. The families which are most seriously afflicted by poverty are those of single-mothers supported by the woman's income alone. The number of such families, especially those from minority nationalities, mainly black people, has been increasing every day in the United States over the past few decades. According to relevant statistics from the U.S. National Situation Survey Bureau, the average annual income of single-mother families was \$11,989 in 1988, while that of single-father families was \$23,919 and that of two-parent families was \$40,067. Of all the families living in poverty, single-mother families made up 53 percent and black families, the families of Latin American descendants, and white families with women at the head of the house made up 76, 48, and 44 percent of those families of the same race living in poverty. In 1988, the incomes of 3.6 million families with women as head of household

were under the poverty line. We were surprised that there could be so many women struggling in poverty in such a "wealthy heaven"! Some people have raised warnings: If the number of single-mother families continues to grow as it does at present, by the year 2000, all of the poor people in the United States will be women and their children!

The main reason for the "feminization of poverty" is that women are treated unequally in the U.S. labor market and single-mother families are faced with special problems.

Sexual discrimination is deeply rooted in the U.S. labor market. Its main expression is that men and women do not enjoy equal pay for equal work. Although nearly 30 years have passed since the U.S. Congress adopted a law on equal pay, the phenomenon of different pays for the same work is still quite widespread in the United States. According to an investigation made by the statistical bureau of the U.S. Labor Department in 1984, the wages of female teachers were only 87 percent of male teachers, and the income of female layers was only 69 percent of male layers. As sales clerks, women's wages were less than 50 percent of male wages, and there has been almost no change in this situation to this day. Moreover, sexual segregation in various occupations is another major factor for the great income disparity between men and women. At present, the proportion of women in the U.S. labor forces exceeds 46 percent. In recent years, an increasing number of women have entered spheres which were usually monopolized by men in the past, such as law, medical science, and management. But judging from the overall situation, the proportion of women in highly paid, highly prestigious, and science and technology spheres throughout the country is still far lower than for men. The great majority of women are still engaged in "traditional women's occupations," such as secretary, nurse, bank teller, typist, and sales clerk. Another expression of sexual segregation is that in the same businesses, the number of women falls toward the top levels. Because of this, there has always been a great income disparity between male and female workers, and there has been very little change in this situation since the 1950's. In 1955, women's income was 64 percent of men's income, and this percentage was 62 percent in 1967, 57 percent in 1974, 64 percent in 1986, 65 percent in 1987, and 66 percent in 1988. In 1991, when a man earns \$1, a woman only earns 68.8 cents. The unequal employment opportunities for male and female workers can also be seen from this great disparity between them and the slow progress made in this regard.

In the United States today, divorce rates and pregnancy rates and fertility rates for unmarried adults are the highest in the West. All this results in large numbers of single-parent families with the mother as head of house. Since they are usually unable to obtain alimony from the men for their children and their economic positions are instable, these women cannot but fall into poverty.

"The feminization of poverty" has had a profound influence on women and single-mother families. It means a chain reaction and vicious cycle of hunger, malnutrition, disease, infant mortality, illiteracy, unfortunate marriages, and juvenile delinquency, which bring serious consequences to society.

The "feminization of poverty," which is spreading all over the United States, poses a threat to the right to subsistence and right to development of numerous women. Is it not a scathing satire on the United States, which calls itself a "human rights guardian," if it does not look squarely at the lamentable situation of the vast numbers of women who constitute more than 50 percent of its population?

Hainan Governor on Friendly Relations With Hawaii

HK1007134492 Haikou Hainan People's Radio Network in Mandarin 1100 GMT 2 Jul 92

[Excerpts] A signing ceremony for the establishment of friendly relations between the PRC's Hainan province and the state of Hawaii in the United States was held on the morning of 30 May in Honolulu, Hawaii.

Hainan Provincial Governor Liu Jianfeng and Hawaiian Governor (Hayes), who respectively represented Hainan Province and the state of Hawaii, signed the agreement on establishing a friendly province and state relationship. Governor Liu addressed the signing ceremony. He said: On this important occasion, on behalf of the Hainan provincial government delegation, and in my own name, please allow me to express my thanks to Hawaiian Governor (Hayes) and the chairmen and members of the Senate and House of Representatives of the Hawaiian State Congress for their positive contributions to establishing our friendly relations. I also thank members from various circles in Hawaii, overseas Chinese leaders, and our countrymen residing abroad who have greatly supported this friendly undertaking. I convey the best wishes of 6.74 million people in Hainan Province to Hawaii and its people. [passage omitted]

Governor Liu added: Now our province and state are establishing their friendly relations. I sincerely hope that in light of the principle of the agreement on establishing friendly relations, Hainan Province and Hawaii state will promote multi-layer exchanges and cooperation in various forms in terms of economy, trade, science, technology, culture, tourism, and so on to add a new chapter to friendly relations between the province and state, and make new contributions to developing Sino-U.S. friendly and cooperative relations. [passage omitted]

Southeast Asia & Pacific

Column Views Noninterventionist Stance on Cambodia

HK1307143692 Hong Kong HSIN WAN PAO in Chinese 13 Jul 92 p 3

[“Evening Talk” column by Yang Chu (5017 2612): “If Fighting Breaks Out, China Will Not be Involved”]

[Text]

Important News

The visit to Beijing by Phnom Penh leader Chea Sim and his meeting with Chinese Premier Li Peng and Foreign Minister Qian Qichen have attracted attention.

Why did it attract attention? Is Chea Sim an important person?

While Chea Sim does occupy a very high position in the Phnom Penh regime, this was not the most important news.

No Involvement

The most important news is that even if civil unrest in Cambodia continues and war breaks out again, China will not become involved in it.

Earlier, the Khmer Rouge had refused to abide by the rules of the second phase of the cease-fire agreement in Cambodia, rejecting inspection of its sphere of influence by international peace-keeping forces and the disarmament of the greater part of its armed forces in accordance with the regulations. Moreover, it has continued to clash with Phnom Penh's troops.

The Khmer Rouge was a beneficiary of Chinese aid for a very long time. Reports said that everything from the guns in the hands of the soldiers to the uniforms they wore were made in China. People thus became concerned that if fighting resumes in Cambodia, will China become involved and waste its valuable resources?

New Conditions

Long before Chea Sim's visit to Beijing and during China's active participation in mediation efforts over the Cambodian dispute, China had already indicated that it would end the supply of military equipment to the Khmer Rouge.

But the Khmer Rouge reportedly suddenly changed its mind. What will be Beijing's reaction?

Yesterday, Qian Qichen explicitly indicated that China supports the implementation of the second phase of the cease-fire agreement in Cambodia. He stressed: It is very important to carry out the second phase of the cease-fire agreement as it is an important step in ensuring the genuine realization of peace.

Fundamental Position

Moreover, Chinese Premier Li Peng stated yesterday: "China does not seek to establish its own sphere of influence nor to pursue any selfish interests on the Cambodian issue."

These words outlined China's fundamental position.

Li Peng added: Experience from the past 12 years have shown that the Cambodian issue cannot be settled by means of war.

It is thus clear that China will not support efforts to resolve the Cambodian issue by means of war.

Of course, China does not support the Phnom Penh and is distancing itself from the Khmer Rouge. Li Peng said: China considers the four Cambodian factions as equals and treats them equally without discrimination. Qian Qichen said: China sincerely hopes that the Cambodian factions will genuinely achieve national reconciliation under the leadership of Prince Norodom Sihanouk and implement the Paris agreement in full.

No Deviation

Chea Sim returns to Cambodia today and brings the Cambodian people a piece of absolutely good news.

The Chinese people also obtained a piece of good news from this: China will uphold the central task of economic construction and will not deviate from this central task by wasting away resources in foreign countries.

Beijing, Malaysia Sign Scientific Agreement

OW1307123192 Beijing XINHUA in English
1225 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—An agreement on cooperation in science and technology between China and Malaysia was signed here today.

Song Jian, Chinese state councillor and minister in charge of the State Science and Technology Commission, and Law Hieng Ding, Malaysian minister of science, technology and environment, signed the agreement on behalf of their respective governments.

According to the agreement, both sides will promote cooperation in science and technology between the two countries on the basis of equality and mutual benefit.

Prior to the signing ceremony, Song Jian and Law Hieng Ding had a friendly conversation on developing bilateral cooperation in science and technology.

The visitors came to China July 4 as guests of the State Science and Technology Commission. During their stay in China, Law and his party have toured Beijing, Shanghai, Hangzhou, Fuzhou and Nanjing.

West Europe

Sino-Italian Economic Seminar Convenes

OW1307130492 Beijing XINHUA in English
1242 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—Some 200 Chinese and 110 Italian economic officials and entrepreneurs

gathered here today to explore the ways and means for expanding economic cooperation and trade between the two countries.

The "Second Seminar for China-Italy Economic Cooperation and Trade" opened today in the Great Hall of the People with a call by Chinese Premier Li Peng for the participants to hold "in-depth discussions to find ways for effective cooperation which will enhance the growth of the Sino-Italian relations."

Han Xu, president of the Chinese People's Association for Friendship With Foreign Countries (CPAFFC), conveyed the premier's call to participants in the seminar, which is being sponsored by the CPAFFC and the Italian Institute for Asia.

The seminar opened only a few days after the Italian Government announced its intention to offer China a loan of 300 million U.S. dollars designed to promote Sino-Italian economic cooperation.

Wang Hanbin, vice-chairman of the Standing Committee of the Chinese National People's Congress, attended today's opening ceremony, which included speeches by Yang Fuchang, Chinese vice-foreign minister, Liu Jiang, vice-minister of the State Planning Commission, and Jin Renqing, vice-minister of finance. Giulio Orlando, president of the Italian Institute for Asia and former minister of post and communications, and Roberto Formigoni, leader of the Italian delegation, who is also a member of the Italian House of Representatives, also spoke.

The speakers agreed on the broad prospects for Sino-Italian economic cooperation and trade.

They pointed out that Italy, one of the world's seven leading economic countries, and China, the world's largest developing country, can complement each other economically.

According to one speaker, the 1991 trade volume between the two countries was slightly less than 2.4 billion U.S. dollars, making Italy China's second largest trading partner in Western Europe. Another speaker noted that overall Sino-Italian relations have entered into a period of comprehensive restoration and development.

On Tuesday, the participants will divide into eight smaller discussion groups, and over the following days, members of the two delegations, especially trade officials and entrepreneurs, will hold free discussions.

The first such seminar, the "Seminar on China," was held in Rome in July, 1991.

Tian Jiyun Meets Spanish Deputy Premier

OWI407031292 Beijing XINHUA in English
0157 GMT 14 Jul 92

[Text] Madrid, July 13 (XINHUA)—Spanish Deputy Prime Minister Narcis Serra held an hour's talk on bilateral relations with visiting Chinese Vice-Premier Tian Jiyun here today.

Tian was making a short stopover here on his way to Seville to attend the International Expo. He praised Madrid's efforts in staging the expo and for holding the 25th Olympic Games.

He also gave a brief introduction to China's economic reform and expressed the hope that bilateral economic cooperation would be strengthened.

The Spanish deputy prime minister said meetings between high-ranking officials of the two countries will promote bilateral relations. He also expressed willingness to promote more Spanish investment in China.

Tian arrived in Barcelona on July 10 for a six-day visit to Spain.

Liaoning Delegation Visits Germany, Italy

SK1107095192 Shenyang Liaoning People's Radio Network in Mandarin 2300 GMT 13 Jul 92

[Summary] At the invitation of the Government of Baden-Wurttemberg Province of Germany and the Government of Emilia Romagna Region of Italy, the Liaoning Provincial Government delegation visited Germany and Italy from 27 June to 11 July.

The delegation was warmly welcomed and accorded lavish hospitality wherever it went. During its visits to Germany and Italy, the delegation met with principal leaders of the provincial government, the provincial parliament, the regional government, and the regional parliament and also talked with them on further developing friendly contacts and cooperation.

East Europe

Li Peng, Officials Receive Romanian Delegation

AU1307143192 Bucharest ROMPRES in English
1332 GMT 13 Jul 92

[Text] Bucharest, ROMPRES, 13/7/1992—A delegation of the Romania-China Friendship Parliamentary Group including the representatives of several political parties and led by Dan Marian, speaker of the Chamber of Deputies of Romania's Parliament, who are paying a visit to the People's Republic of China, conducted official talks with a Chinese delegation led by Lei Jieqiong, vice chairman of the Standing Committee of the National People's Congress of the People's Republic of China. At the same time, the Romanian delegation had an interview with Wan Li, Chairman of the Standing Committee of the National People's Congress, when the

traditional links of friendship and cooperation between the two countries were recalled and information was exchanged on the internal and international situation.

Wan Li highlighted the fact that Romania and China had had fine links ever since the establishment of diplomatic relations. In his turn, Dan Martian said Romania had many reasons to further promote its traditional relations with China.

The Romanian delegation's call on the premier of the State Council of the People's Republic of China, Li Peng, was an occasion to reiterate the will to strengthen the Romanian-Chinese ties on the basis of the principles of international law. No matter the changes wrought in Romania, Li Peng stressed, China wishes to further develop its friendly and cooperative ties with Romania. The Chinese premier had words of appreciation for his recent meeting with Romania's President, Ion Iliescu, in Rio de Janeiro.

At the same time, the Romanian delegation had an interview with the leaders of the China-Romania Friendship Parliamentary Group.

Economic, Trade Delegation Visits Poland

OW1107042392 Beijing XINHUA Domestic Service
in Chinese 0307 GMT 9 Jul 92

[By reporter Tang Deqiao (3282 1795 0829)]

[Text] Warsaw, 8 July (XINHUA)—A Chinese Government economic and trade delegation, led by Vice Minister of Foreign Economic Relations and Trade Gu Yongjiang, paid an official visit to Poland 3-8 July.

During the visit, the Chinese vice minister exchanged views with (Powkansky), Polish vice minister of economic cooperation with foreign countries, and other ministry officials concerning the present state and development prospects of Sino-Polish trade and economic cooperation. The two sides expressed hopes for the further strengthening and expansion of bilateral trade and economic cooperation under the new situation.

The Chinese economic and trade delegation already departed here 8 July on a visit to Czechoslovakia.

First Share-Holding Enterprise Set Up in Hungary

SK1307131592 Beijing BEIJING RIBAO
in Chinese 13 May 92 p 1

[By correspondent Xu Guodong (6079 0948 2767): "Beijing Initiates Company in Hungary"]

[Text] As part of Beijing's economic and trade departments attempts to diversify and internationalize their markets, the Jingmao (Budapest) company, the first solely China-funded enterprise exercising the share-holding system initiated by Beijing in Hungary, was formally established on 11 May. This company is composed of 22

municipality run foreign trade and industrial trade companies as well as large enterprise groups. Among these groups, the department store building group, the Beichen Group, the Beijing Municipal Chemical Industrial Group, the Beijing Electronics Products Import and Export Company, and eight other enterprises are designated as members of the board of directors. According to the introduction of Wang Guobin, president of the company, this company's legal address is set at Budapest and the company has already obtained approval for its registration. This company deals in business related to investment, trade, finance, labor service, consultation, storage, and transportation and will hold various industrial and commercial activities in Budapest.

According to another source, during the test operation period, this company has already reached agreement on several trade contracts and letters of intent with foreign firms and traders. This September, the company will hold the Beijing Municipal Export Commodity Fair in Budapest.

Latin America & Caribbean

Bolivian Delegation Meets Wang Hanbin

OW1107142892 Beijing XINHUA in English
1232 GMT 11 Jul 92

[Text] Beijing, July 11 (XINHUA)—Wang Hanbin, vice-chairman of China's National People's Congress Standing Committee, met with and hosted a dinner for a delegation from the Nationalist Democratic Action of Bolivia here this evening.

The delegation was led by Guillermo Fortun, president of the Bolivian Chamber of Deputies and chairman of the party's National Political Committee.

During the meeting, both sides discussed further strengthening friendly relations between the parliaments of China and Bolivia.

The visitors arrived here Friday as guests of the Chinese Communist Party.

Honored at Reception

OW1207133392 Beijing XINHUA in English
1303 GMT 12 Jul 92

[Text] Beijing, July 12 (XINHUA)—The Chinese Association for International Understanding hosted a reception here today to welcome a delegation from the Nationalist Democratic Action of Bolivia led by Guillermo Fortun, president of the Bolivian Chamber of Deputies and chairman of the Party's National Political Committee.

The reception was presided over by Lei Jieqiong, acting president of the Chinese Association. Lei is also vice-chairwoman of the Standing Committee of China's National People's Congress and chairman of the Central Committee of the China Association for Promoting Democracy, one of the eight non-communist parties.

At the reception, Lei and leading members of China's other democratic parties briefed the Bolivian visitors about China's non-communist parties, known as democratic parties in China and China's system of multi-party cooperation and political consultation under the leadership of the Chinese Communist Party.

Meets Qiao Shi

OW1307132692 Beijing XINHUA in English
1317 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—Qiao Shi, member of the Standing Committee of the Political Bureau of the Central Committee of the Chinese Communist Party (CPC), met with a delegation from the nationalist Democratic Action of Bolivia here today.

The delegation was led by Guillermo Fortun, president of the Bolivian Chamber of Deputies and chairman of the party's National Political Committee.

During the meeting, both sides briefed each other on the situation in their respective countries and exchanged views on international issues of common concern.

Qiao Shi extended a cordial welcome to the Bolivian guests on behalf of the CPC Central Committee, according to officials attending the meeting.

"Although China and Bolivia are far away from each other, they each face the task of safeguarding world peace and developing their national economies," said Qiao Shi.

He said the CPC and the Nationalist Democratic Action enjoyed good relations and the current visit would further strengthen these ties.

Guillermo Fortun said his delegation had noted the efforts made by China to safeguard world peace and develop its national economy, and that the country's reform and opening is proceeding smoothly.

Zhu Liang, head of the International Liaison Department of the CPC Central Committee, was present at the meeting.

The Bolivians who arrived here July 10 are scheduled to leave here Tuesday to tour Xian and Shanghai.

Uruguay Official Comments on Trade Relations

OW0907093592 Beijing XINHUA in English
0838 GMT 9 Jul 92

[Text] Beijing, July 9 (XINHUA)—Eduardo Mezzera, vice foreign minister of Uruguay, said that the state of the economic and trade relations between Uruguay and China is "very good," and the prospects will be optimistic.

Mezzera, who was here to attend the fourth session of the China-Uruguay Economic and Trade Mixed Committee, told XINHUA that the bilateral economic and trade relations have undergone remarkable development since the establishment of diplomatic ties in 1988.

Both Uruguay's exports to China and China's exports to Uruguay have increased greatly, said the vice foreign minister. He believed that the prospects will become "even better."

Uruguay was one of the earliest countries in Latin America to make contact with China. Since the 1950s, non-government organizations and people from industrial and commercial circles between the two countries engaged in a quite lot of contacts.

On Feb. 3, 1988, China and Uruguay established diplomatic relations, and on that day the two countries signed agreements on trade, economic and technical cooperation and a memorandum of understanding on intentions. In 1988, president Julio Maria Sanguinetti visited China and in 1990 Chinese President Yang Shangkun visited Uruguay. The relations between the two countries entered a new period.

According to statistics, in 1987, before the establishment of diplomatic ties, the volume of trade between the two countries totalled 54.33 million U.S. dollars, and in 1991 the volume increased to 130 million U.S. dollars.

The main exports of Uruguay to China include wool, leather and frozen fish, and China's exports to Uruguay include light industry, textile and machinery products. China is now the biggest buyer of Uruguay's wool, and Uruguay is one of China's major trade partners in Latin America.

Mezzera said Uruguay's exports to China are of comparatively few varieties, and Uruguay will try to make its exports more varied.

According to the vice foreign minister, Uruguay's leather, grain, timber, medicine and milk products enjoy competitive capacity in the world. He hoped that more of Uruguay's products will enter China's market.

The fourth session of the Economic and Trade Mixed Committee was very successful and all went smoothly, according to Mezzera. He added that both sides signed a summary of the session, initiated a memorandum of understanding, and exchanged notes on prolonging economic and technical cooperation.

The vice-minister, who arrived in Beijing on Sunday, said he was very satisfied with his China tour. During his stay, Mezzera conferred with Li Lanqing, minister of foreign economic relations and trade, and met with leading officials from relevant Chinese departments including the Foreign Ministry and Ministry of Textile Industry.

Political & Social**Jiang Zemin Meets Dr. Sun Yat-sen's Grandson**
OW1307122392 Beijing XINHUA in English
1218 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—Jiang Zemin, general secretary of the Communist Party of China (CPC), met here this afternoon with T.K. Sun—the grandson of Dr. Sun Yat-sen, the great forerunner of the democratic revolution in China—and his wife.

Jiang spoke highly of Dr. Sun's achievements, and welcomed T.K. Sun, chairman of the China-America Association for Cultural Exchanges, and his family to observe the economic and cultural changes in China since the implementation of the policies of reform and opening to the outside world.

Ding Guangen, an alternate member of the Political Bureau, who is also a member of the Secretariat and head of the United Front Work Department, of the CPC Central Committee, also attended the meeting.

'Non-Communist' Intellectual Involvement Urged
HK1407002892 Hong Kong SOUTH CHINA
MORNING POST in English 14 Jul 92 p 10

[By Geoffrey Crothall in Beijing]

[Text] An official Chinese newspaper has called for the "further eradication of leftist influences" by involving more non-communist intellectuals in the reform of state run enterprises.

Many officials in state run enterprises still did not trust intellectuals because leftist influences had not yet been "thoroughly eradicated", a commentary in yesterday's GUANGMING DAILY said.

Intellectuals are members of the working class, the commentary said, and it encouraged state run enterprises to work with non-communist intellectuals, including those from Hong Kong, Taiwan and abroad, in a "united front" to further deepen reform.

The commentary cited the example of the north-eastern port of Dalian which it said had achieved notable success in making effective use of intellectuals' talents.

Dalian is one of the two cities paramount leader Mr Deng Xiaoping is said to have visited during his low profile tour of northeast China last month, the other being Shenyang.

Analysts have suggested the commentary may be a direct result of comments made by Mr Deng during that visit.

"It certainly bears the hallmark of Deng Xiaoping and is a logical progression from the kind of comments he was making in southern China and Shanghai," one political observer said.

"Dalian has a relatively open and liberal government and it could well be that Deng wants to use the city as a model for future economic reform in the country as a whole," he added.

The commentary said the "secret of Dalian's success" was in recognising the importance of intellectuals and placing them in positions of influence.

"The most important thing is to fully trust them (intellectuals) and make use of their talents as well as understanding and resolving their difficulties and demands," it said.

Minister Reviews Progress in Family Planning

OW1107115892 Beijing Central People's Radio Network in Mandarin 2230 GMT 10 Jul 92

[Interview with Peng Peiyun, minister in charge of the State Family Planning Commission, by station reporter Lin Ru; from the "News and Press Review" program]

[Text] [Lin Ru] How do you do, Minister Peng? As World Population Day approaches, I would like to ask you to say a few words about the population of the world and China.

[Peng Peiyun] Certainly. The United Nations has designated 11 July as World Population Day to draw the world's attention to the population issue and to enhance its awareness and understanding of the serious situation regarding the world's population.

The world's population will reach 5.48 billion during 1992. Even the most optimistic forecast points to an annual addition to the world's population of 97 million in the coming decade. Such a huge number will present considerable problems with regard to the utilization of world resources and protection of the environment. It will also have a great impact on economic development. China is the most populous country in the world. As of the end of 1991, the total population on the Chinese mainland reached 1,158,230,000. In spite of the family planning program, China has registered an annual net population increase of between 15 to 17 million in the past few years—approximately the size of the entire population of Australia.

[Ru] As far as I know, China has nonetheless made remarkable progress in family planning work.

[Peng] China began to implement a family planning program nationwide in the 1970's. Over the last two decades, we have indeed achieved remarkable progress in bringing population growth under control. The nation's birth rate dropped from 33.43 per 1,000 in 1970 to 19.68 per thousand in 1991, and the natural population growth rate dropped from 25.83 per 1,000 to 12.93 per 1,000. On average, a Chinese woman in the 1950's would give birth to five to six children in her child-bearing years; the comparable figure in 1991 was 2.2. The nation prevented approximately 200 million births

during those two decades. By implementing family planning, we have saved huge amounts of funds for the state and society, have greatly relieved a heavy burden that rapid population growth might have imposed on the economy, and have made positive contributions to stabilizing the world population.

Journal Views Opposition to Deng Talks

HK1407021092 *Hong Kong PAI HSING* in Chinese
No 267, 1 Jul 92 pp 6-7

[“News From Beijing” column by Ouyang Wei (2962 7122 4850): “Leftist Lords on Verge of Nervous Breakdown”]

[Text] In his recent talk at the Capital Steel and Iron Company, Deng Xiaoping spoke of the three kinds of people who reacted to the talks he delivered during his southern tour: Those in favor, those opposed, and those in the middle. He also said that nobody understands economics except for Zhu Rongji, who understands a little bit.

Some people claimed that, in describing the three kinds of people, Deng Xiaoping showed that he understood the situation and was aware of his limitations. The talk came about when Deng Rong asked the Capital Steel and Iron Company to assist a firm which could not pay any wages, the condition being that his father would come and speak.

Three Kinds of People Exposed by “Historical Trends”

The book *Historical Trends* is an important aid in studying Deng Xiaoping’s important talks during his southern tour. According to regular practice, it should have been reported on television, in party organs, and by radio stations. Instead, it has struggled to keep afloat, a sign of the existence of the three kinds of people. The book itself can stand on its own because it is concerned with reform and opening up as well as with the future of the people, state, and party. It also strikes deeply at the “leftist” lords’ vulnerable area, hence they showed their own ugly faces. In particular, the article by Hu Jiwei entitled *RENMIN RIBAO*, *QIUSHI*... and even indirectly named Deng Liqun. Even though those named are all old party members who have always advocated “criticism and self-criticism,” are all capable writers themselves and boast of their own extensive influence on public opinion with which to launch their academic discussions, through shame they flew into a rage and sought to use their power and influence to suppress others, leaving people with the impression that: The “leftist” lords care for nothing but power and influence.

Historical Trends has been widely read and acclaimed in Beijing intellectual circles. In an internal communication issued on the eve of “4 June,” however, the General Administration of Publishing stated: “The current ‘enemy situation’ is embodied in the book *Historical Trends*.” It was immediately listed as a “prohibited book” by the Central Propaganda Department and

banned from distribution by the People’s University Publishing House. Because Bo Yibo had written the inscription: “Reform and opening up enriches the country and strengthens the people” for this book, the central authorities indicated that there was no need for publicity and that the book should be quietly strangled. Later, Jiang Zemin noted that the book was OK, but his words were not heeded by the Beijing Municipality and the Public Security Bureau continued its seizure of the book. According to reliable sources, however, the book has already sold 50,000 copies and is the mainstream reading material in Beijing at the moment. Convinced of the rationality of publishing this book, Yuan Hongbing [5913 4767 0393], a member of the editorial committee for this book, wrote a petition to the central authorities and made an appeal before the court. Deng Xiaoping would never have thought that efforts to study his talks could create such a dilemma!

Why is it that the book still sold 50,000 copies even after the order for the seizure and prohibition had been received by the People’s University Publishing House? Because the People’s University Publishing House did not actually publish the book but merely sold it a book classification number. The General Administration of Publishing forbids the sale of book classification numbers, hence, arguments are also going on within the People’s University Publishing House.

Commenting on the aforementioned situation, a member of the Central Advisory Commission said: “A state of anarchy prevails at the moment.”

“Leftist” Lords on Verge of Nervous Breakdown

On 25 April, Tian Jiyun made a report on agriculture at the Central Party School where he spoke principally about guarding against “leftist tendencies.” Many people saw the video, which contained certain segments not included in the written report. For instance, he said that those opposed to reform and opening up should be allotted a piece of land where they could conduct their experiments and continue using ration coupons to buy meat, lining up to buy things, and competing with the development zones. He added that these people would probably decline from doing so... As a result, everyone wanted to see the video film. Meanwhile, the Central Party School showed its enterprising spirit by selling the video tape for 120 yuan each. Just as everyone was rushing to tell each other of the news and listen to the taped speech, the relevant departments issued the order: “Stop showing the video film.” The video cassettes were then reported to be “sold out.” One can see how very nervous the “leftist” lords opposed to reform and opening up were, banning the reference material to Deng Xiaoping’s talks as well as the report by a vice premier. They have become scared and panicky birds!

On 4 June, Qiao Shi made a report to the Central Party School in which he raised two points: When Deng Xiaoping said there were to be no debates, it did not mean that no distinction will be made between right and

wrong; if we do not guard against "leftist tendencies," the country, the party, and everything else will be lost.

In his report to the Central Party School not long after, however, Jiang Zemin spoke lengthily but without a clear point of view. Some people have said that he had played down Deng Xiaoping's new ideas on reform and opening up. It was small wonder that Qiao Shi, who was in the audience, looked stupefied.

Chen Yun Strikes Using Underhanded Means

The pilot issue of the new journal of the People's Publishing House, XUEXI [STUDY 1331 5045], carried an article by Hu Qiaomu entitled: "Why China Committed 'Leftist' Errors for 20 Years" in January 1992. Before publishing this article, Hu Qiaomu read it to Chen Yun to secure the latter's seal of approval. Chen Yun then added one paragraph (the penultimate paragraph) where he named Hu Yaobang and Zhao Ziyang. The paragraph read as follows:

"In summing up the lessons derived from the 'leftist' errors committed by China, it should also be pointed out that China had committed certain rightist mistakes at certain crucial periods in the 1980's as well. These were the mistakes committed by the two general secretaries of the CPC Central Committee, namely, Hu Yaobang and Zhao Ziyang. Had they not been stopped in time, they could have ruined the socialist cause in China. This fact shows that correcting 'leftist' mistakes properly is not an easy task. China should oppose 'leftist' tendencies as well as rightist tendencies. This issue will not be discussed here, however, as it is beyond the scope of this article."

In adding this paragraph, Chen Yun's intentions were clear for all to see. First of all, it showed his dissatisfaction with Deng Xiaoping's talks during his southern tour and indicated the need for him to make reparations. Secondly, while Deng Xiaoping in his talks affirmed the accomplishments of Zhao Ziyang, Chen Yun retorted that Zhao had almost ruined the socialist cause in China. At a time when daggers have been drawn in preparation for holding the 14th CPC National Congress, the naming of Hu Yaobang and Zhao Ziyang is not only designed to stop the return of Zhao Ziyang, but is principally directed at Deng Xiaoping. It implies that following Deng Xiaoping's intentions will ruin the socialist cause.

The nondescript character of this article is also very obvious. The "note" with the article states: "This article was one of the academic addresses delivered by the author during a visit to the United States from March to April 1989..." At that time, Hu Yaobang was still alive, and Zhao Ziyang was still party general secretary. However bold and reckless Hu Qiaomu may be, he would not have dared name his own general secretary in a capitalist country. Was he not afraid of an international uproar, a dramatic fall in share prices, and being unable to return home? Especially after he had talked extensively of "leftist" mistakes and then suddenly turned around to say that rightism is the real reason for the "destruction of the socialist cause."

Indeed, China's editors are truly pathetic because they cannot go against the imperial will!

Gao Di in Despair

The fall from power of He Dongchang, vice minister of the State Education Commission, is a good sign. As it was, he had been in power two years longer than he should have been. He had actually censored the important talks delivered by Deng Xiaoping during his southern tour and refused to disseminate them among the university students.

Li Ximing seems to be the next to go. He falsified an intelligence report in 1989, leading to the bloodshed at Tiananmen; he has been named as an accomplice by Guan Zhicheng, the principal corruption suspect at the Capital Steel and Iron Company; he actively joined Deng Liqun in plotting about countering peaceful evolution and was reported by Chen Xitong; and much more. There is no doubt that this major hero, who was not rewarded after the "4 June" incident, is on his way down. Reports said that he would be replaced by Wen Jiabao, while Wen's position in the CPC Central Committee General Office will be taken by Wu Bangguo, currently secretary of the Shanghai Municipality CPC Committee.

Meanwhile, Gao Di from RENMIN RIBAO has married his French-Chinese mistress and has even been given a new apartment. In his excitement, he became reckless with his statements. Because he had been the subject of several complaints, he boasted that "he would give 10,000 yuan to the person who can bring him down with a complaint." The most fantastic thing was that RENMIN RIBAO actually published this statement by him in an internal publication. Not long after, the central authorities sent a work team to the party office. A member of the central work team met with the person in charge of personnel and asked him: "Do you think it is better for Gao Di to step down now or later?" The person in charge of personnel did not reply. Later, when Gao Di asked him to identify the person who asked this question, he answered: "I cannot tell you. This is organizational discipline." Someone commented: Gao Di has poor integrity, is incompetent, and lacks even common knowledge.

Reports claimed that Li Ruihuan and Jiang Zemin had had an argument because Li Ruihuan felt it was necessary to change the director of the party organ, while Jiang Zemin refused because Li Xiannian had put in a word for Gao Di. Jiang Zemin repeatedly used the word "stability" to disguise his own incompetence. If changing the director of a party organ will shake the stability of China, then China's stability is truly in a very fragile condition.

"Stability" Is Biggest Iron Rice Bowl

Since the introduction of reform and opening up, the iron rice bowl has been discussed frequently. The renewed emphasis on the subject in recent times has

turned it into a topic of public censure. The iron rice bowl has been broken in many units, but the biggest iron rice bowl—which people dare not mention nor touch on—is up above. It is the iron rice bowl of "stability." This iron rice bowl is the one that really hurts the people and the country. Many people are pessimistic about the personnel appointments for the 14th CPC National Congress because the Jiang-Li structure is unlikely to change. While China has no shortage of talented people, it is usually the mediocre who gain favor. China remains heavily tainted with feudal colors and if neither Jiang nor Li are removed—and especially if Li Peng does not step down from power—there will be no place for integrity, competence, or intelligence. So, the "stability" card is played, and everyone simply must abide by it. It is easy to deal with voting as it suffices to announce at the time of voting that the computers are out of order and a show of hands is needed. With everyone watching, even those who wish to cast negative votes have to raise their hands in approval.

In the end, as long as the political structure is not reformed, the biggest iron rice bowl of "stability," which harms the country and the people most, will be safe. However resounding his talks during his southern tour may have been, Deng Xiaoping dares not genuinely touch on the subject of political structural reform. Even Xu Jiatun, who lives freely overseas and after two years of reflection, dared not write on the topic of political structure reform in his 10,000 character article. For now, it appears that China still has a long and winding road to follow.

Deng Endorses Mao's Literature, Art Talks

OW1107142592 Beijing BEIJING REVIEW in English
No 27, 6-12 Jul 92 pp 15-18

[By staff reporter Feng Jing]

[Text] Liu Wei, 70, a well-known lyricist, still remembers clearly one day 50 years ago. Then 20 years old, she was an actress with the July Theatre of the Shanxi-Chahar-Hebei Border Area under the leadership of the Communist Party. One day when she was removing her stage makeup and costume, she came across a mimeographed pamphlet of Mao Zedong's "Talks at the Yanan Forum on Literature and Art." She read the following words for the first time, "Our literature and art are for the masses of the people, above all the workers, peasants and soldiers" and that the life of the people "provides literature and art with an inexhaustible source, the only true source." These simple yet truthful words took root in her heart.

Mao's talks have since their publication guided several generations of writers and artists like Liu forward in their creative career. May of this year was the 50th anniversary of the publication of the "Talks" and, beginning in February, many commemorative activities were sponsored by literary and artistic circles, including a review performance and display of the best works over

the last 50 years, various academic symposiums and tour performances by theatrical groups in factories, mines and army units.

Gao Zhanxiang, executive vice-minister of culture, said in an interview that although the "Talks" was published 50 years ago, it is still of theoretical significance to Chinese literature and art. He said Deng Xiaoping pointed out in his congratulatory speech given at the Fourth Congress of the Chinese Writers and Artists in 1979 that "the people are the mother of writers and artists." "People need art and art needs people." Deng also noted "Writers and artists should find themes, plots, language and poetic sentiment from among the people who make history and be nurtured by their hard-working spirit. This is the fundamental road to prosperity for our socialist literature and art." This brilliant exposition broke new ground and brought new vitality to Mao's thoughts on literature and art.

A New Era After "Talks"

The 1940s was a difficult decade in world history. In China's fight against Japanese imperialist aggression, the Chinese Communist Party and the Kuomintang (KMT), disregarding their conflicts, formed a united front to resist the invaders. Except for those seized by the Japanese aggressors, all major and medium-sized cities in China were under the rule of the Kuomintang. The Communist Party took charge of the rural areas and of some small cities and towns. Yanan in Shaanxi Province, west China, was the seat of the Central Committee of the Chinese Communist Party. Thus situated, various propositions of the Communist Party won the all-out support of the masses and attracted groups of progressive personages, including writers and artists who came from the KMT-ruled areas to Yanan and other Communist Party-controlled base areas. These writers and artists had a common objective—to fight the Japanese aggressors—together with the local workers and peasants and contributed much to the revolutionary struggle. When they arrived in the rural areas, however, they could not immediately identify themselves with the local people in thought and feeling and found themselves seriously divorced from local reality. Beginning in 1940, writers and artists in Yanan and other base areas debated the social function of literature and art, the questions of audience, and the class stand and attitudes of writers and artists. Mao Zedong thought it was necessary to straighten out some of the muddled ideas which existed among writers and artists so that they could better serve the revolutionary cause. He thus organized a forum for leading members of various literary and artistic groups and cultural departments as well as well-known artists. The forum opened on May 2 and closed on May 23, 1942. Mao Zedong spoke at the forum twice, once at the opening ceremony and the second time at the closing. His speeches came to be known as the "Talks".

Mao's "Talks" expounded on the relationship between literature and art and the people, between literature and

art and life, between popularization and raising of standard's, the world outlook and creativity, content and form, inheritance and creativity, eulogy and exposure, and motivation and effect. The main point was that literature and art should serve the people and that writers and artists should go deep into life because life "provides literature and art with an inexhaustible source, the only true source."

The "Talks" answered all the questions being debated at the time marking a milestone in Chinese history of thought and literature.

After the publication of the "Talks," many important literary and artistic activities were held in the liberated areas as professional writers and artists immersed themselves in the life of workers, peasants and soldiers. They studied folk arts and created many popular works in the form loved by the local people. The works were quite different from earlier works in both content and form. The people, represented by workers, peasants and soldiers, were the heroes and heroines while national and class struggle and production were the main themes. *The People's Literature Series* which reflects the literary achievements in the liberated areas is a collection of 177 work's dealing with the War of Resistance Against Japan, agrarian reform and anti-feudalist struggles. Many of these works are successful or relatively successful. *The Marriage of Xiaoerhei* by Zhao Shuli was very popular in anti-Japanese base areas. The hero Li Yong in *Mine Position* by Shao Zinan was a household name. *The White-Haired Girl*, a modern opera created by He Jingzhi and his colleagues, caused major repercussion among the people. The opera exposes the crime of a landlord who hounds a peasant to death and attempts to force his daughter Xier to be his slave. Xier flees to a mountain cave until she is found by the Eighth Route Army soldiers after the liberation of her home village.

Writers After "Talks"

Not long ago, the well-known writers Ma Feng, Xi Rong, Shu Wei, Sun Qian and Hu Zheng were awarded the title "People's Writers" by the Shanxi provincial government. Growing up under the guidance of the "Talks," they have had similar experiences and created similar writing styles.

All were born into poor families and lacked the chance to attend school. They joined revolution in 1937 or 1938. Afterwards, they persisted in the study of writing. After listening to the "Talks" in the summer of 1942, they were inspired with the strong desire to write. Several months later, Ma Feng published his maiden work, *The First Reconnaissance*. Under the guidance of the "Talks," they set off on the road to create works reflecting life in a national and popular style, soon entering the first high period of producing a series of works welcomed by the masses. *Heroes in Luliang Area* co-written by Ma Feng and Xi Rong portrays the life of the anti-Japanese masses in the Luliang area in a popular and traditional Chinese novel style. Each chapter is

headed by a couplet which provides insight into the content. This novel was the first to spread to Kuomintang-ruled areas and generated a strong reaction nationwide. Later, it was also translated into several languages. Its circulation exceeded 2 million copies.

Around the time of the nation-wide liberation in 1949, these writers left Shanxi and became leading members. Separated from rural life, they found themselves short of themes and inspiration. In the mid-1950s, they all gave up their work in the city and returned to Shanxi. Soon they entered their second peak period of production and wrote a number of influential works about rural life. *The Young People of Our Village* by Ma Feng was made into a film. Later, Zhao Shuli also moved his family back to the province. Since then, they (together with a group of middle-aged and young writers) have formed a school of literature centered on rural life. Their works depict the tremendous changes which have taken place during half a century in north China's rural areas.

Serving the People

According to the spirit of the "Talks," the people are not only the heroes and heroines of the literary and artistic works but also those whom the works serve. Over the decades, Chinese writers and artists have continued to serve the people. It is one of their finest traditions.

The Ningxia Modern Drama Troupe has persistently performed for rural areas in the last eight years. Members crossed mountains and rivers in a truck to tour villages in the Ningxia Hui Autonomous Region. One day, they performed in a mountain village in south of the region where about 10,000 local residents thronged a mountain slope to enjoy the performance. When he saw the fan-shaped theatre, very similar to that used in ancient Greece, the troupe's director, Zhu Zihong, became very excited. The audience was so intoxicated by their performance that a middle-aged man thought it a scene from real life and walked to talk with an actor on the open-air stage and offer him a cigarette. Their rural tour performance achieved the desired effect—drawing the audience into their performance. Many troupe members were moved to tears by the scene.

Plunging Into Life

Liu Wei, mentioned earlier in the article, is a first-class play-wright who works with the Comrades-in-Arms Opera and Ballet Ensemble of the Beijing Military Area. In her 50-year career, she wrote the lyrics for more than 3,000 songs based on her life among ordinary people. In 1964, when she stayed in a rural home during a military march, she and her hostess, sitting on an earthen bed, chatted throughout the evening one night. The hostess told her everything about her hard life and her happiness. When Liu asked why she spoke so frankly, "You are a People's Liberation Army soldier and I trust you. Who can I talk to except you?" Liu was so inspired that she co-wrote words with Hong Yuan for the song *Becoming Closer After Meeting* by Sheng Mao. The song

was sung by the well-known singer Ma Yutao and became popular nationwide.

It has been the rule that writers and artists plunge themselves into the thick of life. In 1990 Shandong Province formulated regulations encouraging writers and artists to go deep into the masses and on the form and management of their activities. At the same time, the province has established 72 bases and 240 liaison stations to serve writers and artists in 16 cities and prefectures.

Taking up a part-time job at the grass-roots level is one way to plunge into ordinary life. Lu Yao, a professional writer from Shaanxi Province, volunteered to work as the deputy director of the publicity department of the Tongchuan Coal Mine in order to learn more about the life of coal miners. His 1 million-character novel *Ordinary People*, a vivid depiction of coal miners, won the Mao Dun Prize for literature. The young writer Jia Pingao created the novel *Turbulence* based on his work in the rural areas as a deputy director of the cultural bureau of Shangluo Prefecture. His novel won the international Pegasus Prize for literature. Liu Wenxi of the Xian Institute of Arts and Crafts created pictures of Shaanxi figures during his work as deputy mayor of Yanan. The pictures were highly acclaimed by his colleagues.

A New Era of Reform

The reform has brought great changes to society and also provided a great amount of literary material. Although literary and artistic expression has seen great changes in the last few decades, the principle initiated by the "Talks" of reflecting life and getting as close to life as possible is still applicable. One group of literary and artistic works, in particular, based on the reform and opening up caused a sensation soon after their publication.

The 53-part television series *The Road of Wuji County* generated strong repercussions among viewers soon after its release by the Beijing Television Station. The reportage depicts the brave steps taken by secretary Liu Ri of the Wuji County Party committee and his colleagues to implement reform. Through the depiction of their successes, failures, concerns and joy, it reflects the success, acuteness and the complications of reform.

The Way Out, a television play about the contract system in the Shougang Corp. produced by the Beijing Television Art Production Centre, portrays the current life of three generations in three families. In creating this television play, the writer, directors and others lived in the corporation for one and half years. They held more than 100 forums and other investigatory meetings. Based on these forums, they revised the play six times.

Expectation, China's first soap opera television series, describes the beauty of the inner world of leading characters of the modern era when the concepts of values have changed drastically. *Stories From a Newsroom*,

China's first sitcom, describes the problems encountered by people as they deal with such issues as marriage, love, and morality.

Portrayal of the reform and opening up and the modernization drive will remain the main theme of future television plays. This year the television stations at the central, provincial and city levels plan to produce more than 3,000 television operas with such a theme, accounting for three-fourths of all television plays for the year.

Album on Deng Xiaoping's Southern Tour Published

HK1307005792 Hong Kong WEN WEI PO
in Chinese 2 Jul 92 p 2

[“Guangdong Publishes Full-Length Picture Album of Deng Xiaoping's Tour in the Province”]

[Text] Guangzhou 1 Jul (WEN WEI PAO)—Ceremonies of the first day circulation of “Deng Xiaoping in Guangdong,” a full-length picture album were held at the NANFANG RIBAO office here today, which edited and printed album.

During Deng Xiaoping's inspection tour of Guangdong early this year, NANFANG RIBAO chief reporter Liang Boquan [4731 0130 2938] covered the entire tour and took one picture after another of that historical moment, which vividly recall the features and smiles of this chief architect of reform and opening up. The picture album includes 28 photos in black and white, and 80 in color, of which, 52 are pictures of Deng Xiaoping on his inspection tour of Guangdong early this spring, and the rest were taken in 1977, 1982, and 1984. The picture album is a publication of Guangdong People's Publishing House.

Journal Views Student Attitudes Toward Reform

HK1407081292 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 26, 29 Jun 92 pp 6-8

[Article by Li Wu (7812 5617): “Adaptation and Conflict: Chinese College Students Amidst the Tides of Reform”]

[Text] China's reform and opening up are moving forward both intensively and extensively as they have never done before. People's concepts and survival modes have therefore been subjected to an unprecedented impact. All people have to exert great efforts to study new things and glean new knowledge in order to adapt themselves to the challenge; in the process of adaptation, they can hardly avoid experiencing conflict in their innermost beings. Adaptation and conflict constitute an important feature of the mentality of modern Chinese.

College students are a fairly lively group among youth and exhibit the characteristics of being the most active, dynamic, and least conservative youth. In the face of the unprecedented reform tide, like most people, they are

also experiencing a mental process of adaptation and conflict, and this is being manifested more clearly and conspicuously.

Contradictory Feeling of Being Both Happy, Worried

Deng Xiaoping's talks during his tour of southern China, and the spirit of the full meeting of the Political Bureau of the CPC Central Committee on speeding up reform and development, have had strong repercussions among Chinese college students. According to a questionnaire conducted by the Hunan Provincial Communist Youth League [CYL] Committee last April among 320 students, including postgraduate students, undergraduates, and professional training college students, in 13 institutions of higher learning, 88 percent said they were interested in Deng Xiaoping's talks and understood their spirit. Many universities and colleges across the country reported that, when Deng's talks were relayed, the students showed seriousness and interest rarely seen in the past two years.

News from universities and colleges in various parts of the country show that college students generally adopt the attitude of supporting the strategic policy decision of seizing the current opportune moment, accelerating the pace of reform and opening up, and concentrating on developing the economy. First, they feel this is conducive to the country's development. Postgraduate students in some Beijing universities and colleges believe that the major policy decision of further emancipating the mind and accelerating the pace of reform and opening up embodies the vision, courage, resourcefulness, and charisma of Deng Xiaoping and the CPC Central Committee. As they put it, in the face of the future, the changeable international situation, and the turbulent world pattern, only by taking the initiative to expand reform and opening up can we avoid lagging behind in the global development of fierce competition. According to surveys conducted among institutions of higher learning in Shanghai, Shandong, Liaoning, Fujian, and Henan, most students said they understood such reform measures as discarding the "three irons" and changing the enterprise operation mechanism, believing that without discarding the "three irons" it would be impossible to effectively arouse the initiative of producers and speed up the development of productive forces. Second, they feel this is conducive to the growth and development of college students. Many college students hold: "Reform has provided youth, including college students, with more opportunities and they can show their talent through fair competition and give full play to their wisdom." "There are fewer conventions and fetters now. As long as we have talent, we can succeed."

While supporting acceleration of reform and opening up, a considerable number of students have also expressed their worries and misgivings.

—Socialist traditional concepts will be impacted upon. Surveys in some institutions of higher learning show that traditional socialism is still influencing many

students. When reform and opening up are being speeded up, they cannot help asking whether things are "socialist" or "capitalist" in nature. They ask: "Now that the market economy is stressed, are we making up for the lessons missed in capitalism?" "When the 'three irons' are smashed, the work and livelihood of some workers are likely to be affected. How can the superiority of socialist public ownership be embodied?"

—They are unwilling to have their immediate interests affected. Some students said: "We go to college with the aim of seeking a stable job. If the 'three irons' are smashed, what shall we do?" Some others said: "We have not been mentally prepared at all for smashing the 'three irons.' It is better to wait till we find our jobs."

—They are worried they will not be able to adapt themselves to a competitive environment. The result of a survey conducted by the Hunan Provincial CYL Committee can illustrate this point. Those who said they "have confidence and ability to adapt to society" accounted for only 21 percent of those surveyed. Seventy-nine percent of the students are worried they will find it difficult to adapt themselves after entering society and they say they will study hard.

Focus of Their Concern Is Self-Development

The contradictory feeling of being both happy and worried has bred a strong sense of crisis and urgency. Some college students in Shanghai said: "Social changes have led to an indefinite job or prospect and only by seizing the opportunity to study hard can we stand firm in society." A student in Liaoning Province said: "We should make a living by genuine skills in the future. The slogan 'Long Live 60 Marks' can only harm ourselves."

Spurred by this sense of crisis and urgency, college students voluntarily ponder how to adapt themselves to the demands of reform and opening up and pay more attention to their own growth.

—They focus their energy on studying to become useful persons. According to a recent survey in a Shandong University, of the 300 students surveyed, 70 percent say that what they most care about is "self-development and becoming useful persons" and 74 percent spend over 70 percent of their time and energy in study.

—They pay particular attention to current and political issues on which they have a direct bearing. Some surveys show that college students have been less enthusiastic about politics in recent years but it is too early to draw the conclusion that college students are disinterested in politics. According to a survey conducted by a Beijing university last May among students from its seven departments, over 70 percent of liberal arts students and over 50 percent of science students think they are concerned about politics. What is interesting is that during the survey, even those who

subjectively think they are not concerned with politics often unintentionally show their concern for politics. In fact, college students' concern for politics has changed in both scope and emphasis, namely, they are highly concerned about things to which they are directly related and not so concerned about things to which they are not directly related. For example, courses about the situation of reform and opening up and about stocks are warmly welcomed. Since this spring, an elective course on "China's Current Economic Policies and Reform" opened by a young teacher in Fudan University for the Class-90 students has been almost fully attended each time. But very few college students have seriously studied important state and government documents, such as the "Government Work Report" to the Fifth Session of the Seventh National People's Congress.

—They voluntarily adjust their knowledge and capability patterns. Many students have realized that solely pursuing high marks in professional studies can no longer meet the demands of reform and opening up for people's quality. According to many universities and colleges, students tend to choose elective courses of the "practical skill type," such as public relations, computers, spoken foreign languages, and other practical courses. The Southwest Normal University planned to enrol 120 students for the public relations training class in spring this year, but 1,200 people registered. Moreover, many college students in large and medium cities are looking for every opportunity to train their abilities, such as working as private teachers, organizing social activities, and taking advantage of holidays to take part in social investigation and in scientific, technological, and cultural services.

—Their principal criterion in choosing a job is whether or not it is conducive to self-development. According to a survey conducted among over 100 students in a Beijing university, the largest number of them, or 43 percent, take "whether or not it is conducive to self-development" as a principal criterion in choosing a job. Consequently, the open coastal areas and the special economic zones have a very strong appeal to the students. In the Wuhan University Insurance Speciality, some students scheduled to graduate this year prefer working in a county insurance company in Shenzhen to working in provincial-level insurance companies in interior provinces. Of the 300 People's University of China postgraduate students due to graduate this year, more than 60 want to work in Shenzhen. College students believe that, with the rapid economic growth in open coastal cities and special economic zones, there is a great demand for skilled people and this is conducive to the development of intellectuals.

Inevitable Outcome of Ideological Development

The fact that college students focus their attention on their own development is a rational act of seeking adaptation against the backdrop of speeding up reform

and opening up. Since reform and opening up is the trend of the times, the only rational option is to change oneself to adapt to the trend. What the college students are pursuing is just such a simple truth.

Viewed from the various changes in college students' ideology at a deeper level since the second half of 1989, we can also see that the shift in the focus of attention to self-development is also an inevitable outcome of college students' ideological development in the past two years and more.

During that period, college students have undergone a series of major events, such as reflections on the 1989 political disturbances, the economic improvement and rectification in China, evolution in Eastern Europe, and the disintegration of the former Soviet Union. Thanks to the correct policies adopted by the Chinese leadership toward these issues and the correct guidance by party and CYL organizations at all levels, notable changes have taken place among college students through active reflection and practice.

Some college students have changed their political attitude from one of doubt and dissatisfaction to one of identification and confirmation. Before 1989, "privatization," "multi-party system," "total Westernization," and other concepts both appealed and perplexed some students but now those concepts have lost their appeal to most students. A survey conducted among nearly 300 students of a key Beijing university shows that over 85 percent of them believe that "state-owned enterprises should occupy a dominant and backbone position in China's economic structure," that "the instituting a multiparty system in China is sure to lead to chaos and tangled warfare," and that "we should proceed from China's national conditions on democracy, freedom, and human rights issues."

Their method of thinking has also changed from one of going to extremes and following blindly to being calm and objective. For some time, before 1989, various ideological trends and conduct hot spots [xing wei re dian 5887 3634 3583 7820], which were characterized by "the noisy disorder of one taking the stage after the other stepped down," frequently emerged among college students. This manifested in the thinking features of going to extremes and following blindly. In reacting to social hot spots, college students now seem calm and sensible. According to surveys conducted in some key institutions of higher learning, while the students are inspired by and support the quickening pace of reform and opening up, they also hope that "while calling on people to get going and go all out, we should prevent the economy from being overheated and the emergence of rush buying as happened in 1988" and that "in smashing the 'three irons,' there should be corresponding social guarantee measures. Otherwise, there will be disturbances."

Their role consciousness has turned from "God's favored ones" to "students." For some time before 1989, many college students had a strong sense of superiority. Since the

second half of 1989, the students have acquired, through reflection, a fairly sober understanding of the national conditions and themselves. They have discovered that it seems ridiculous, in the face of national conditions, to attempt to transform society with imported stuff from the West, which shows their ignorance, blind following, divorce from practice, and other weak points. Therefore, they started readjusting their role consciousness by laying more emphasis on studying and adapting to society and turning from "transforming society" to "being socialized." When summing up his experience, a student said: "To become a useful person, a college student should undergo three changes in consciousness, namely, changes in role consciousness by diluting the 'elitist' consciousness into one of willing to become the small pupils of the masses; changes in patriotic consciousness by changing from worrying about the state in an empty way and saving the country in blind way into one of warmly loving and vigorously building up the country; and changes in coordinate consciousness by turning from exclusively staying on campus to active participation in social practice."

The changes in the aforesaid aspects show that, after observing and reflecting on a series of great changes, college students have become emotionally quite stable in terms of ideological development. They have gradually identified the concept of dominant value [zhu dao jia zhi guan 0031 1418 0116 0237 6034] as advocated by the CPC and, by conducting calm and objective reflections, choose their own conduct methods and speed up the process of socialization.

Properly Cook "Half-Cooked Rice"

The process of college students shifting the focus of their concern onto self-development and putting it into practice has only just begun. Viewed from the degree of college students identifying the concept of dominant value advocated by the CPC and the degree of their socialization, many college students are still at the stage of being "half-cooked rice." In terms of concept, they see both the opportunity offered by accelerated reform and opening up and are more or less fearful of the challenge, being reluctant to leave the calm and stable life. In terms of knowledge and ability pattern, they see the new demands for talented people's quality posed by reform and opening up and strive to improve themselves. They also reveal vestiges of being aloof from politics and material pursuits by their reluctance to begin minor work to train their practical ability and work ability. In terms of value choice, they envy high economic income yet more or less despise the so-called "putting money first" in business activities and hope that the practice of "those doing manual labor earning more than those doing mental labor" can be rectified through "policy implementation."

The state of being "half-cooked rice" is directly related to the present conditions in higher education: The training targets in universities and colleges have not been designed to fully conform to the actual demands of China's construction, reform, and opening up; there is

also the phenomenon of artificially raising the standards of talented people in some places; on the employment system, what we are practicing is still basically the method of the state monopolizing work assignments; in the field of ideological and political education, we lay particular stress on education in ideals and convictions but neglect practical education among students on the need to adapt themselves to society; the curriculums are still basic lessons plus specialized lessons without paying enough attention to the training of students' ability; and so on.

To properly cook the "half-cooked rice," it is necessary to speed up reform of higher education. It is learned that the higher education circles are increasingly calling for reform:

—It is necessary to further emancipate the mind, quicken the pace, deepen reform, and establish the structure and mechanism under which schools voluntarily adapt themselves to the four modernizations and usher in international economic competition and the challenge of the scientific and technological revolution.

—In setting demands for talented people's knowledge patterns, we should not limit ourselves to the old practice of stressing the training of scientific and technological personnel and engaging in basic courses plus specialized courses. We should set our sights on joining the international competition and plunging into the commodity economy so that the talented people's knowledge pattern can change from one oriented toward science and technology to one oriented toward science and technology plus operations and management.

—We should also readjust and improve ideological and political work and, while conducting education among students on lofty communist ideals, we should attach importance to helping them study and grasp the theory, principles, and policies of building socialism with Chinese characteristics to understand the special features of the initial stage of socialism and adapt better to society.

People hope that, through reform, higher education can train a larger number of talented people who meet the practical needs of socialist modernization.

Li Peng, Jiang Zemin Write Museum Inscriptions OW1307123492 Beijing Central Television Program One Network in Mandarin 1400 GMT 11 Jul 92

[From the "Night News" program]

[Text] July 9 was the 80th anniversary of the founding of the Chinese Museum of History. Jiang Zemin, Li Peng, and other leading comrades extended their congratulations by writing inscriptions for the museum. Jiang Zemin's inscription reads "Carry Forward Chinese Civilization, Revitalize the National Spirit." Comrade Li

Peng's inscription reads "Develop Museum Work To Serve the Socialist Spiritual Civilization."

The museum has a collection of more than 300,000 historical objects, of which over 2,000 are first-class historical objects. The museum has also organized an exhibition of ancient Chinese currency as well as an exhibition of stamps and cultural relics.

Li Tieying, Others Visit Dalian Economic Zone

SK1107151292 *Shenyang Liaoning People's Radio Network in Mandarin* 2300 GMT 9 Jul 92

[Text] During his inspection tours in the port city of Dalian, Li Tieying, member of the CPC Central Committee's Political Bureau and councillor of the State Council, stressed that efforts should be made to try and go ahead daringly in line with the spirit of the important speeches Deng Xiaoping gave during his inspection tours in the south. He was accompanied by Liu Jingsong, commander of the Shenyang Military Region; Quan Shuren, secretary of the provincial party committee; (Cao Futian), deputy secretary of the provincial party committee and secretary of the Dalian city party committee; and Wei Fuhai, mayor of Dalian city. He successively visited the sixth export trade fair held in Dalian for northeast China and Inner Mongolia, the Dalian development zone, and the Dayaowan harbor districts. During his visit in the Dalian development zone, he told Zhu Kaixuan, vice minister of education, who was also accompanying him during the visit, that we may organize some higher educational institutions in northeast China to carry out scientific and technological development in the zone now that he had heard that the development zone will build a new and high technology park.

Vice Premier Visits Handicapped Families

SK1307223392 *Beijing BEIJING RIBAO in Chinese* 18 May 92 p 1

[Excerpts] With the theme of "entering every family of handicapped," the second national day of helping the handicapped, reached a climax on 17 May, when various districts and counties in Beijing Municipality launched activities to help the handicapped. Tian Jiyun, vice premier of the State Council, and leaders of pertinent departments went to some welfare enterprises and families of handicapped persons to express sympathy and solicitude.

On the morning of 17 May, accompanied by He Luli, vice mayor of the municipality, Zhou Jingdong, deputy director in chief of the Chinese Federation for the Disabled, and Duan Tianshun, director of the municipal civil administration, Vice Premier Tian Jiyun went to the Beijing Municipal Motor Car Spare-parts Plant, which employs some 200 handicapped persons. He stepped into the workshop to cordially talk with the handicapped workers. He also went to the house of Heng

Daofu, a deaf-mute worker at this plant, to inquire about his living conditions and to pose for a photo with his family members.

On behalf of the CPC Central Committee and the State Council, Tian Jiyun expressed sympathy for the handicapped persons. He said: Improving the lives of handicapped people and helping them contribute to society has a bearing on social stability and safeguards the people's right to earn a living. Our party and government are always extremely concerned about the handicapped. The Beijing Municipal Party Committee, the municipal government, and the municipal civil administration have attached great importance to activities involving the handicapped and have seen positive results. The Chinese and the Beijing Municipal Federations for the Disabled have also done a great deal of work. Tian Jiyun expressed hope that everyone should make persistent efforts to increase employment opportunities for the handicapped and to safeguard the living and subsistence rights of handicapped people. [passage omitted]

On 17 May, leaders of the Ministry of Civil Affairs, the Ministry of Justice, the Central Committee of the Communist Youth League, and the Chinese Federation for Disabled, including Yan Mingfu, Guo Dezhi, Liu Qibao, and Deng Pufang, also visited some families of handicapped people in Beijing Municipality and expressed solicitude for the representatives of excellent handicapped people.

Song Jian Discusses Development of Guangxi Coast

HK1407021692 *Nanning Guangxi People's Radio Network in Mandarin* 1130 GMT 7 Jul 92

[Excerpts] On 5 July, Song Jian, state councillor and minister of the State Science and Technology Commission, delivered a speech entitled "Seize the Favorable Opportunity and Speed Up Development" at a meeting on comprehensive development of Guangxi's coastal areas. Comrade Song Jian said: Since the publication of the remarks Comrade Xiaoping's made during his tour of southern China, the country has been filled with great joy. To implement the spirit of the relevant CPC documents, the central authorities have decided to further open up coastal and riverside areas. Guangxi's Pingxiang city, (Dongxing) town, and other areas are regarded as border cities and towns which have opened up to the outside world. Regional capital Nanning and others are also treated as open cities. Relevant policies for open coastal areas are applied to them. It has also been decided that Guangxi's role as a southwest sea passageway will be fully brought into play. [passage omitted]

In his speech, Comrade Song Jian called on attendees to learn from and inherit the boldness and courage of the revolutionaries of the older generation to fight the battle in the 1990's well. He said: Resolutely and unwaveringly implementing the basic line adopted by the central authorities since the Third Plenary Session of the 11th CPC Central Committee is a basic guarantee for the Chinese nation's invigoration and the socialist cause's

victory. As long as we uphold our basic line, our revolutionary cause will definitely be successful, and the red banner of socialism will flutter forever in the eastern part of the world. At present, we must be on the alert for rightist tendencies, but mainly we must guard against leftist ones. We must further emancipate our minds, deepen reform, and expand opening up closely around the center of economic construction. We must avail ourselves of all favorable opportunities and conditions to develop ourselves, boost our productive forces, enhance our strength, and enhance our people's living standards. We must hew a socialist road with Chinese characteristics. This is of paramount importance to the Chinese nation's invigoration and Guangxi's economic take-off and social progress. [passage omitted]

Comrade Song Jian urged attendees to learn from the bold visions of the revolutionaries of the older generation and be determined to fight a great battle and open up China's door to Vietnam and Southeast Asia as wide as possible. In his speech, Comrade Song Jian stressed: The large southwestern region has many strong points for its large-scale development. Geographic position, or what we call regional location, is its greatest strong point. Guangxi has a long coastline, many harbors, and great potential for the development of its ports. It has a land borderline over 4,000 km long. It has the best sea and land passageway to Southeast Asia. It is rich in maritime and aquatic product resources. We must enhance our understanding of the importance of sea passageways and maritime economy development. We must pursue well the major plans for comprehensive development. We must seize on the favorable opportunity, increase the level of maritime development and utilization, and give full play to our strong point of regional position. [passage omitted]

In his speech, Comrade Song Jian also emphasized: We must be determined to solve the problem of talented personnel and enhance our scientific level for development projects. He said: Regional economic development itself is an important scientific research. Carrying out well comprehensive scientific research and putting it into effect will play a great supporting role in making scientific policy decisions aimed at obtaining the greatest comprehensive results. Grasping well maritime development and building modern sea passageways, we must give full play to science and technology's role. We must truly shift our maritime development and the construction of sea passageways onto the track of relying on scientific and technical progress and improving the quality of our laborers. [passage omitted]

Comrade Song Jian pointed out: Economic development in Guangxi's coastal areas has provided scientific and technical personnel with a great arena where they can display their prowess. He hoped that the country's scientific and technical personnel would show concern for development in these areas. He also hoped that comrades in Guangxi would be bold in promoting reform and blazing new trails and that they would create a more attractive environment and conditions to attract the

broad masses of scientific and technical personnel, including those who are studying or working abroad, to come to Guangxi to make contributions; perform their feats; promote commercialization, industrialization, and internationalization of scientific and technical achievements; and become distinguished and admirable men of the new era.

Comrade Song Jian believed that under the leadership of the autonomous regional CPC Committee and government, as long as we truly grasp our work in a down-to-earth manner, a beautiful and richly endowed economic zone around Beibu Wan and a passageway for serving the large southwestern region will definitely appear before us very soon.

Song Jian Discusses Talented People in Nanning

HK1007122292 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 5 Jul 92

[Text] A warm atmosphere prevailed in a meeting hall of the No. 11 Building of Nanning's (Xiyuan) Hotel at 1430 yesterday. Nanning city Mayor (Xie Ruxian) pointed at maps and general blueprints of Nanning's high and new technical, industrial development zone, and models of the key zone, reporting to Song Jian, state councillor and minister of the State Science and Technology Commission; and autonomous regional leaders Comrades Zhao Fulin, Cheng Kejie, Li Zhenqian, (Wang Zhuguang), and others on Nanning's urban construction and the development plan for the city's high and new technical, industrial development zone. Peng Guikang, member of the regional CPC Committee Standing Committee and secretary of Nanning City CPC Committee, was present at the meeting.

After listening to the report, Comrade Song Jian pointed out: Talented people are the key to developing high and new technology. Without a number of entrepreneurs who dare to break through, we will not succeed. A very important point in structural reform is that we must be determined to release effective office cadres and key members of colleges, universities, and scientific research institutes from their former units. Under our existing social structure, genuine talented people are located in these places. We must release some of them, as they are not able to play their own role if they are packed together.

Song Jian added: Our county-level structure must be reformed. We must release a number of talented people whenever they can produce practical results. Instead of desperately keeping talented people together in one place, we must release those tigers so that they can return to the mountains. Therefore, the key lies in talented personnel. As long as we can enliven the flow of talented people, all problems can be readily solved.

Zou Jiahua, Chen Muhua View Railway Display

*OW0807103792 Beijing XINHUA Domestic Service
in Chinese 1225 GMT 6 Jul 92*

[By correspondents Chen Liang (2525 0081) and He Wenping (6320 2429 1627)]

[Text] Beijing, 6 July (XINHUA)—The six-day International Exposition of Modern Railway Equipment '92 has achieved gratifying achievements by integrating technological exchange and trade talks. Approximately 50 trade contracts were signed, and the turnover amounted to \$56 million or more.

The exposition closed today. According to a relevant official from the Ministry of Railways, since a significant change had been made in the mode of the exposition—laying the emphasis on the display, trade and technological exchange—foreign businesses were eager to participate in the exposition and actively held trade talks and technological exchanges. During the exposition, the Ministry of Railways and the U.S. (Sprint) Corp. signed a \$8.37-million contract to import a modern digital communications system. In addition, the Swedish ADD Corp. and the U.S. (Jackson) Corp. expressed a desire to cooperate with the Ministry of Railways to invest in and develop high and new railway technology in Shanghai's Pudong. During the exposition, 32 meetings were held to exchange technologies.

Zou Jiahua, vice premier of the State Council; Chen Muhua, vice chairwoman of the Standing Committee of the National People's Congress; and leaders of relevant ministries and commissions viewed the display during the exposition.

Zou Jiahua Instructs on Building Pudong Railroad

*OW1107042592 Shanghai People's Radio Network
in Mandarin 1000 GMT 10 Jul 92*

[From the "News and Weather" program]

[Text] Shanghai has decided to adopt a co-investment approach to building the Pudong Railroad, and the Shanghai Municipal Railway Bureau has organized a work force to begin the initial work on the project. A proposed design is expected to be completed soon. The municipal railway bureau also expressed its confidence that, once the construction proposal is decided, it will definitely be able to complete the project within three to five years.

It has been learned that the State Council and the Ministry of Railways attach great importance to building the railroad. Vice Premier of the State Council Zou Jiahua gave instructions on a proposal urging building the railroad at the earliest date possible. Railway Minister Li Senmao also explicitly stated that his ministry will provide active support to this major project of Shanghai.

It also has been learned that building the Pudong railroad has great significance and has become a pressing

issue. If construction work cannot start as planned, development of the Pudong new area will be seriously impeded, and foreign investors' assessment of the new area's investment environment will also be affected.

Song Jian Writes Forward for Sci-Tech Series

*OW1107120492 Beijing XINHUA Domestic Service
in Chinese 0521 GMT 6 Jul 92*

[Text] Beijing, 6 July (XINHUA)—Song Jian, State Councillor and concurrently minister in charge of the State Science and Technology Commission, recently pointed out that, in order to speed up the development of science and technology, it is imperative to strengthen universal education on modern science and technology, as well as extensively mobilize and encourage the cadres and people to throw themselves into the new scientific and technological revolution.

Song Jian said these words in the forward to the book series *New Scientific and Technological Revolution*, to be published soon by the XINHUA Publishing House.

Song Jian said: The purpose of developing science and technology is to bring benefits to the people. The people's interests and the expansion of services are always closely linked. For science and technology to develop rapidly, it is imperative to step up universal education on modern science and technology, and to extensively mobilize and encourage the cadres and people to voluntarily take part in this new scientific and technological revolution. We have the ability to become the greatest possible material force that changes the world, creating the future and accelerating social progress through the wide dissemination of technological knowledge, through the improvement of people's scientific and technological awareness, and through the standard of science education as well as the wide application of science and technology. The establishment of the high and new-technology industry will become a powerful force to help China's economy take off, and its development requires further improvements in the workers' science education as well as their skills. There is no limitation to progress in science and technology, and new heights are appearing one after another. In order to keep pace with progress in the high-technology era, everyone should receive education for his entire life and should constantly renew his knowledge.

Song Jian pointed out: Science and technology education is an important part of our undertaking in science and technology. While trying to achieve new scientific and technological heights during research and development, our scientists, technical specialists, and technical workers also shoulder the honorable mission of imparting scientific and technical knowledge. China's older generation of scientists have done a great deal in this regard and serve as our model. Messieurs Gao Shiqi, Hua Luogeng, Zhu Kezhen and Mao Yisheng—who enjoy the profound love and esteem of the people—are renowned scientists keen on promoting universal science education, and we must learn from them. Let us hope

that large numbers of famous scientists, technical specialists, and technical workers will contribute to the people by becoming writers of advanced science texts, and will use lively and simple words to explain advanced-technology achievements and scientific knowledge. Scientific and technological circles must regard the dissemination of scientific and technological knowledge as an honorable mission during efforts to build the socialist spiritual civilization.

It has been learned that the four-volume *New Scientific and Technological Revolution* will be published in September. The first volume mainly introduces theories on science and technology by Comrade Deng Xiaoping as well as important speeches and articles on science and technology by party and state leaders, including Jiang Zemin and Li Peng. The other three volumes are *The Foundation of Modern Society and Economy—Information Technology*, *The Pillar of Future Society and Economy—Biotechnology*, and *The Forerunner of Modern Society and Economy—New Materials*.

Bo Yibo Writes Preface for Zeng Sheng Memoirs

OW1107015992 Beijing XINHUA Domestic Service in Chinese 0657 GMT 9 Jul 92

[Text] Beijing, 9 July (XINHUA)—The book *The Memoirs of Zeng Sheng* was recently published by the Jiefangjun Publishing House.

Bo Yibo, vice chairman of the Central Advisory Commission, wrote a preface for the memoirs.

Zeng Sheng was the secretary of the Hong Kong CPC Sailors Work Committee, captain general of the Guangdong People's Guerrillas Corps for Resisting Japan's Aggression, deputy commander of the Guangdong Military District, deputy commander of the Nanhai [South Sea] Fleet, minister of communications, adviser to the State Council, and member of the Central Advisory Commission. He is an intellectual-turned-senior cadre of the party and Army. His memoirs depict the history of the revolutionary struggle of the people of southern China. In particular, they recount the deeds of Overseas Chinese, as well as the deeds of Hong Kong and Macao compatriots, in supporting with full patriotic enthusiasm the war against Japan's aggression and in actively participating in and supporting the motherland's socialist construction following the founding of New China. The memoirs contain nearly 500,000 words in 22 chapters.

Song Renqiong Views Beijing Opera Performance

OW1107005792 Beijing XINHUA Domestic Service in Chinese 0231 GMT 10 Jul 92

[By reporter Yan Hongzhu (0917 7703 4376)]

[Excerpts] Beijing, 10 July (XINHUA)—For three nights in a row, every performance at the auditorium of the Nationality Culture Palace, which can accommodate

more than 1,000 people, has attracted a capacity audience, and the nearly-two-hour performances were flooded with applause and cheers. The performance by Wang Shufang, a well-known actress of the Beijing Beijing Opera Theater, displayed the features and styles of all schools of the Beijing Opera, and Wang Shufang played all types of roles, entertaining a few thousand Beijing Opera lovers to their hearts' content. [passage omitted]

Song Renqiong, vice chairman of the Central Advisory Commission, as well as comrades Rong Gaotang, Mu Qing, and Gao Zhanxiang viewed Wang Shufang's performance. The performance was jointly held by the Beijing Beijing Opera Theater, the Art Committee of the China Dramatists Association, and the Beijing Chapter of the China Dramatists Association.

Military

Installments of TV Series 'Song of the Sun'

Part Five

OW0807032092 Beijing Central Television Program One Network in Mandarin 1320 GMT 3 Jul 92

[“Pillars of the Nation”—Part Five of 10-part series “Song of the Sun” produced by the General Political Department of the People's Liberation Army in June 1992; Part One of this series was published in the 2 July China DAILY REPORT, beginning on page 35; Parts Two through Four were published in the 8 July China DAILY REPORT, beginning on page 20]

[Text] [Beginning portion of video identical to Part One and subsequent parts of series] It was 1943, one of the most difficult years during the war of resistance against Japan, where, on the smoke-filled battlefield, a 57-year-old veteran of the Eighth Route Army received a letter from his home thousands of li away. A letter from home during wartime is always invaluable. When the veteran read the letter, he learned that his octogenarian mother was dying; she really wanted to see him. Although this veteran had an incomparably strong will, steeled in war, he felt very sad. Having not seen his mother for 25 years, he also badly wanted to return to his aged mother's bedside to fulfill his filial responsibility. But he also realized that the country was at war, and he could not leave the battlefield. [video shows various scenes of a smoke-filled battlefield, cutting to show shot of Zhu De]

That veteran soldier was Zhu De, commander in chief of the Eighth Route Army. The following year, he received the bad news that his mother had died. [video shows still picture of Zhu De on horseback, fading to show close-ups of a printed article written by Zhu on 5 April 1944 about his mother]

My mother is gone, and I will never be able to see her again. This sorrow is irreparable. How can I reciprocate

my mother's love? I will continue to pledge my allegiance to my country and people, and to the CPC, which is the hope of our country and people. This is what I can do. This is what I certainly can do.

This was the pledge made by the commander in chief of the Eighth Route Army, as well as that of all communists, officers, and men in the Eighth Route Army. [Video shows documentary footage, showing Zhu De on horseback; Zhu De and Peng Dehuai standing together; Zhu De and other Red Army leaders studying a map; Zhu De making a speech; and a handwritten message Zhu wrote on 14 July 1937. The message reads: "It is my bounden responsibility to recover my country, protect my people, and defend my country." Then, as the video shows Red Army soldiers blowing bugles, the title of Part Five—"Pillars of the Nation"—appears on the screen]

During World War II, U.S. President Roosevelt, also commander in chief of the U.S. Armed Forces, told his son that had China not been there to fight the Japanese during the war, Japanese troops would have easily conquered Australia and India and joined forces with German troops in the Middle East. Just imagine what the world would have become if that had happened?

Roosevelt's observations were correct. During World War II, China always bore the brunt of fighting Japan's main forces. Of the 1.7 million aggressor troops the Japanese fascists sent abroad, 1.3 million were bogged down in the China theater, significantly easing the pressure on other theaters in the Asia-Pacific region. However, Roosevelt did not mention that it was the CPC and the armed forces it led—which had just endured untold hardships during the Long March—that comprised the main force in fighting 60 percent of the Japanese aggressor troops and 90 percent of the puppet troops under extremely difficult conditions in the China theater. [video shows meeting of Japanese cabinet; Japanese officers; Japanese troops marching in formation; Japanese armored vehicles; and pan shots of ill-equipped Chinese troops]

Japanese fascists, who had arrogantly and viciously proclaimed that they could annihilate China within three months, fired their artillery here on 7 July 1937 to start their all-out war on China. China was facing its most dangerous moment now. [video shows Marco Polo Bridge; Japanese troops firing artillery; Japanese infantrymen and cavalrymen mounting an offensive]

The next day, the CPC Central Committee, in a telegram concerning the Japanese troops' offensive on Marco Polo Bridge, warned people throughout the country that Beijing and Tianjin were in great danger, north China was in great danger, and the Chinese nation as a whole was in great danger, and that the only way for the nation to survive was to fight the Japanese. On the same day, Red Army leaders Mao Zedong, Zhu De, and Peng Dehuai cabled Chiang Kai-shek to express their willingness to serve the country and fight the enemy to defend the

country. [Video shows close-ups of CPC telegram; students giving speeches; head shots of Zhu De, Peng Dehuai addressing his troops; and a handwritten message by Mao, which reads: "The KMT and CPC must unite as brothers to fight the Japanese in order to save the country, achieve national independence, and build a democratic and free country in which people can live in happiness. This is the only task of the country."]

Why did a party, pushed into a pool of blood and repeatedly encircled and suppressed by Chiang Kai-shek only 10 years earlier, tell this same Chiang Kai-shek that it wanted to let bygones be bygones?

[Words indistinct] in the vast domain of the Qin and Han dynasties, our 400 million countrymen could see who faithfully represented their interests. They could see the CPC's broadmindedness and unselfishness, and the hope for the survival of the Chinese nation. [video shows young Chinese people shouting slogans; Chinese people and students demonstrating in the street]

But Chiang Kai-shek still refused to acknowledge the CPC's legitimate status until he was compelled to do so six weeks later. This led to the subsequent KMT-CPC cooperation for the second time and the formation of the national united front for resistance against Japan. The whole nation warmly welcomed the KMT-CPC cooperation. Workers, peasants, intellectuals, and all patriots actively threw themselves into the torrents of resisting Japanese aggression. [video shows head shots of Chiang Kai-shek and Zhou Enlai with a beard; scenes of Chinese people contributing money to support the war of resistance; Chinese girl scouts soliciting donations from pedestrians; and a little girl emptying coins from her piggy bank]

To resist Japanese aggression, the Military Commission of the CPC Central Committee issued an order to reorganize the Red Army of Chinese Workers and Peasants in northern Shaanxi and southern China into the Eighth Route Army and New Fourth Army of the National Revolutionary Armed Forces, and assigned Zhu De and Peng Dehuai as the Eighth Route Army's chief commander and deputy chief commander, Ye Jianying and Zuo Quan as chief and deputy chief of staff, and Ren Bishi and Deng Xiaoping as director and deputy director of the political department, and subsequently they all led their troops to fight the Japanese at one time or another. [video shows documentaries about Mao reviewing Red Army troops; close-ups of Eighth Route Army and New Fourth Army troops; and pictures of Zhu De, Peng Dehuai, Ye Jianying, Zuo Quan, Ren Bishi, and Deng Xiaoping]

This nine-tier pagoda built some 1,000 years ago used to be a sacred object worshipped by Buddhist believers. It won new life with the CPC's arrival. During the war of resistance against Japan, it served as the symbol of national (hope), as well as the beacon guiding the course of history. [video shows white, lone pagoda on hilltop

overlooking Yanan; footage shows young people converging on Yanan from various parts of the country; caves in Yanan serving as living quarters and shelters]

At a time when many people within the KMT vociferously proclaimed that fighting the Japanese was futile and the nation would be subjugated if it kept on fighting, and when some communists fantasized about winning a quick victory, Mao Zedong, with his mighty writing brush, wrote this magnificent article to clear people's misconceptions. [video shows Mao Zedong writing in a cave; close-ups of Mao's works "On Protracted War"]

A thought-provoking historical episode occurred at this time. In January 1938, KMT counsellor Liang Shuming visited Yanan and had two lengthy, all-night talks with Mao Zedong. Seeing that KMT bigwigs were not interested in fighting the Japanese but were fleeing from the war zones and even sending their property and families abroad, Liang Shuming was deeply disappointed with the KMT government and was very pessimistic with the future of the resistance. He asked Mao Zedong: What do you think China's future will be? Will China be subjugated? [video shows a sketch indicating Yanan's location in China; picture of Liang Shuming; documentary footage of people fleeing war zones on foot, by ship, and by train]

Mao Zedong answered firmly: It is absolutely unnecessary to be pessimistic about China's future. In fact, we can be very optimistic. China will win the war, and Japan will be defeated in the long run. This is the only outcome. There is no other alternative.

When Liang Shuming recalled this episode 50 years later in 1987, at the age of 95, he said: I can still vividly remember that Mao Zedong was optimistic and firm in his observations from the very beginning. Before that, I had talks with Chiang Kai-shek several times, but none of the talks was so appealing and convincing. In saying this, I have no subjective intention to praise or criticize anyone. It is simply historical fact. [video shows Mao, with inset of Liang; soldiers taking oath; picture of 95-year-old Liang; documentary footage, showing Yanan's city wall on which the slogan "Broaden the National United Front of Resistance Against Japan" is seen; some spots of interest in Yanan]

The basic viewpoint of Mao Zedong's talks with Liang Shuming was the theme of his subsequent book "On Protracted War." [video shows Mao speaking in Yanan]

Mao Zedong told the 400 million awakening countrymen that China would never be subjugated and that the final victory would eventually belong to the Chinese nation. But, he said, we must be prepared for a long and tortuous course. [video shows film footage of patriotic Chinese volunteers going to war]

Mao Zedong told Chinese soldiers and civilians who were ready to build a great wall with their flesh and blood that the war would go through three stages: strategic

defense, strategic confrontation, and strategic counterattack; and that as long as they upheld the united front and waged a protracted war, they certainly could drive the Japanese aggressors from China. [video shows five people laying wreath at a monument, inscribed as "Monument for Seeking Forgiveness From Those Who Died Resisting Japanese Aggressors," outside a building, with an on-screen caption "Fushun Prison for Japanese POW's"] This Monument for Seeking Forgiveness From Those Who Died Resisting Japanese Aggressors was built spontaneously by former Japanese prisoners of war who became sinners of history during the war of aggression against China and later were reformed into new people by the forgiving Chinese people. It was built with funds they raised. Fifty years later, when they revisited the place where they were reformed, those former prisoners of war spoke with a great deal of emotion. According to them, when they thought that China could be conquered in three months, they never expected that a great Chinese man had miraculously foreseen the entire course of the war and their inevitable defeat.

During the war of resistance against Japan, many patriotic officers and men in the KMT army were killed in action. After KMT patriotic general Chang Tzu-chung [Zhang Zizhong] gave his life, Mao Zedong wrote for him the inscription: Repaid the Country With All His Loyalty. Zhou Enlai wrote a special article in praise of his extreme devotion and heroism. However, those KMT officers and men who fought bloody battles at the front could not change their chairman Chiang's established policy of passive resistance with defensiveness only. This policy of Chiang Kai-shek had serious consequences for the war of resistance against Japan. In only 15 months, from July 1937 to October 1938, Japanese troops, with blood on their bayonets, successively took Beijing, Tianjin, Shanghai, Nanjing, Guangzhou, and Wuhan, and vast areas of fertile fields in China became scorched land. On 13 December 1937, only five months and six days after the Marco Polo Bridge incident, Japanese aggressors seized Nanjing, the capital of the KMT government. This ancient city, that had suffered great humiliation during the Qing Dynasty, suffered unprecedented disaster after Chiang Kai-shek fled. The Japanese troops conducted a massacre there that lasted as long as six weeks. More than 300,000 Chinese armymen and people were killed, either by firearms or by being buried alive. Regarding these terrible atrocities, even German diplomats in China, then Japan's fascist allies, acknowledged that the crime was committed not by individual Japanese, but by the entire Japanese Imperial Army, an animal machine in operation. [video shows caption reading "During the period from the Marco Polo Bridge incident to the loss of Guangzhou and Wuhan in October 1938, China took a strategic defense posture in the war of resistance against Japan," followed by film footage of troops marching in formation and digging trenches, Chang Tzu-chung's photo, scene of a memorial service, film clips on Chiang Kai-shek, battlefield scenes, and Japanese atrocities]

The anti-Japanese fighters, led by the CPC, with the great trust and hopes placed in them by the 400 million distressed people, heroically rushed to the battlefields. The Eighth Route Army was operating in areas north and south of the Great Wall, while the New Fourth Army was fighting in areas along the Changjiang. They fought and charged the enemy bravely on various battlefields in mountains and along rivers. Here, the 115th Division of the Eighth Route Army, under the command of division commander Lin Biao and deputy commander Nie Rongzhen, took advantage of the favorable terrain of Pingxingguan to launch a fierce attack on the enemy's crack unit, the Itagaki division, and wiped out more than 1,000 enemy troops. The victory won by the Eighth Route Army at Pingxingguan smashed the myth that Japanese Imperial Army was invincible, and displayed the strength and determination of the Chinese nation to fight the bloody war through to the end against the strong enemy. When the KMT troops suffered one defeat after another during Japanese offensive, the poorly-equipped Eighth Route Army advanced in big strides toward the enemy's rear areas and conducted extremely difficult guerrilla warfare in the enemy's rear areas. By October 1938, the Eighth Route Army and the New Fourth Army engaged the Japanese troops in more than 1,600 actions; killed, wounded and captured some 54,000 enemy troops; and set up one anti-Japanese base area after another in the enemy's rear areas. The base areas were the props of history. From there, the CPC and the people, who regarded the CPC as god, raised the sinking Divine Land. [video shows film clips of troop movements and combat actions; picture of Pingxingguan city wall; film clip of Lin Biao and Nie Rongzhen directing combat at front; captured enemy equipment from the Pingxingguan battle; film clips of He Long with on-screen caption which reads "The 120th Division of the Eighth Route Army, led by He Long, advances toward the enemy's rear area"; pictures of Liu Bocheng, Deng Xiaoping, and Xu Xiangqian with on-screen caption which reads "Liu Bocheng, Deng Xiaoping and Xu Xiangqian arrive in enemy's rear area with the 129th Division"; and scenes in base areas]

At the end of November 1937, Wang Ming came here [video shows picture of Yanan] and cast a shadow over the hearts of many people. Soon after he got off the airplane, Wang Ming displayed the imperial edict he was bringing back from abroad and asked our party to subordinate itself to the united front in everything, go through the united front in doing everything, and accept the KMT's so-called unified command. People across the country clearly understood what the KMT unified command could do to the war of resistance and to the destiny of China. The CPC Central Committee offered firm resistance and struggled against Wang Ming's rightist mistakes. Mao Zedong pointed out at the Sixth Plenary Session of the Sixth CPC Central Committee: It is impossible to expect the KMT to do everything through us. If we do everything through the KMT, our hands will be tied. Our policy is independence in the united front, stressing both united front and independence. To deal

with the KMT, we should seek unity through struggle, uphold the CPC's ideological, political and organizational independence, and boldly develop and expand the people's armed forces. [video shows pictures of Wang Ming, film clips of Chiang Kai-shek and Mao Zedong speaking, the site of the Sixth Plenary Session of the Sixth CPC Central Committee, several photos of Mao Zedong, and shots of a cloudy sky] So, a hidden danger to the revolution was eliminated, and a dangerous change in history was prevented. [video shows caption: "After the Japanese troops took Guangzhou and Wuhan in October 1938, the war of resistance against Japan gradually entered a strategic stalemate"]

The historical development of the Sino-Japanese War in the 1930's stubbornly defied the plans of the Japanese supreme headquarters in Tokyo, and the war entered a stage of strategic stalemate, just as Mao Zedong predicted. In view of the attitude of various political forces in China toward the war of resistance, the Japanese imperialists made a major readjustment in their policy of aggression against China. Toward the KMT government, their policy of relying mainly on military strikes supplemented with political means to entice surrender was changed to one of relying mainly on political means to entice surrender supplemented with military strikes. Then, they employed their main force in striking at the Eighth Route Army and the New Fourth Army in their rear areas. So, the CPC took up as its principal duty resistance against the Japanese aggressors. [video shows film clips of air bombardment, footage with caption "KMT Vice Chairman Wang Ching-wei openly surrenders to the enemy," a group photo of Chinese and Japanese armymen]

Late in the fall of 1939, a large Japanese force started mopping-up operations against our Shanxi-Chahar-Hebei base area and met stubborn resistance by the Eighth Route Army at Yansuya and Huangtuling. Some 900 Japanese troops were killed during a fierce battle in one afternoon. Lieutenant General Kishu Abe, selected by the Japanese army to be the flower of famous generals, was killed by our artillery fire. Between August and December 1940, the Eighth Route Army started the 100-regiment battle on the Huabei Plain. Even Chiang Kai-shek praised the fierce battle and the large number of enemies who were wiped out. He said that the resolute attack by the Eighth Route Army dealt a big blow to the enemy. This ordinary village has been recorded in history because of an event on a moonlit night some 50 years ago. The Japanese army's eighth mixed brigade arrived here after a long march and fell into an ambush by the Eighth Route Army. The Eighth Route Army killed 1,820 Japanese troops who came to massacre Chinese people. Among some 20 Japanese who luckily survived the ambush was a soldier named Kakuei Tanaka. [Video shows picture of Kishu Abe, farmhouse where Abe was killed, monument marking the Yansuya-Huangtuling victory, film footage of battlefield scenes with on-screen caption: "During the 100-regiment battle,

more than 25,000 Japanese and puppet troops were killed. Some 280 Japanese troops and 18,000 puppet troops were captured."]

In 1972, that Japanese soldier came to China again in his capacity as Japanese prime minister and was greeted by flowers and a military band. The joint statement of the governments of China and Japan contains the following passage: The Chinese Government reaffirms that Taiwan is an inalienable part of the territory of the People's Republic of China. The Government of Japan fully understands and respects this stand of the Government of China. This reminds us of the Sino-Japanese Treaty of Shimonoseki which contained the clauses on China's ceding of Taiwan and the Penghu islands to Japan. Who would not keenly feel the great, earth-shaking historical change? [video shows documentary footage of Tanaka's visit to China on 25 September 1972, including shots of him and Zhou Enlai at various functions]

Hitler's frenzied offensive against East Europe during World War II created an opportunity for the Japanese aggressors to be more frenzied and brutal. Yasuji Okamura, commander of Japan's front army in northeast China, issued an order for the complete elimination of the communists and the Eighth Route Army in north China in four months. Japanese Prime Minister Hideki Tojo declared that the Japanese army would exterminate all those who refused to be subjugated in north China and then build a Greater East Asia Co-Prosperity Sphere amid pools of blood. He also pursued the policy of "burn all, kill all, and loot all." [video shows Hitler's troops launching an offensive; Japanese soldiers attacking north China, setting fire to houses and farms]

The war against the Japanese aggressors waged by the people behind enemy lines entered its most difficult period. What could be burned had been burned. The crops were burned to ashes, and houses were burned like charcoal. The north China plain, beautiful and rich in resources, was so ravaged by the devils that it looked like hell. More than 1,000 houses were totally destroyed, and more than 1,300 people were slaughtered. [video shows burned houses and slaughtered people with a caption: "This is the scene of the great massacre by the Japanese troops at Panjiag."] Can you find one who has not wife, sisters, brothers, father, and mother? Look! Here a baby who still could not speak was snatched from its mother and killed with a bayonet. [video shows Japanese soldier killing baby with bayonet after tossing it in the air] Can you find anyone descended from the Yellow Emperor who is not moved and who does not want to rise up to resist after seeing such brutality?

No heroes can be subjugated by tigers, nor can they be intimidated by a strong enemy. This is the belief of Mao Zedong and also the belief of the Chinese people. In the anti-mopping-up struggle, the CPC led the people in creating sparrow warfare, tunnel warfare, mine warfare, water-borne guerrilla warfare, and many other methods of warfare that scared the enemy out of its wits. As a

result, the Japanese aggressor troops in China were surrounded by a vast ocean of people's war. These methods of warfare added a brilliant page to the history of war in the world. In those difficult and eventful years, many ardent youth sacrificed their lives for the survival of the motherland.

On 25 September 1941, Eighth Route Army fighters Ma Baoyu, Wu Delin, Wu Fucai, Song Xueyi, and Ge Zhenlin lured some puppet Japanese troops to a precipice at Langya Shan in order to cover a retreat by the masses. The five soldiers, with rifles in hands, jumped to their death after having repulsed the enemy's charges four times and after firing the last bullet. In history they became known as the five war heroes of Langya Shan.

On Mashi Shan 10 ordinary soldiers rest in peace here. To cover a retreat by the masses, they rallied around their squad leader and pulled the pin out of the last hand grenade after fiercely resisting against the invading enemy. They did not even leave their names. Only the characters Serve the People were found in the diary of the squad leader.

One day in October 1938, eight female fighters of the northeast anti-Japanese joint army walked into the Ussuri River, supporting each other, after emptying their magazines of bullets at the enemy. Although no photographs of them remain, the motherland will always cherish their memory.

These well-known generals who had scared the enemy out of its wits rest here. Each one of them is linked to a magnificent story. Although they wore no gilded medals on their chests, their names will always exist alongside the gilded emblem of our republic. [video shows picture of Zuo Quan, deputy chief of staff of the Eighth Route Army; Yang Qingning, First Route Army of the Northeast Anti-Japanese Joint Army; Zhao Shangzhi, a well-known general in the war of resistance against Japan]

This tract of fertile land south of Yanan became the Chinese people's symbol of attaining national prosperity and strength through self-reliance during the years when the war of resistance against Japan was extremely difficult. In 1941, Chiang Kai-shek, who had never ceased scheming to exterminate the Communist Party, not only suspended issuing ammunition to the Eighth Route Army but also mobilized hundreds of thousands of troops to effect an economic blockade of the Shaanxi-Gansu-Ningxia border in a vain attempt to starve the Eighth Route Army and stifle the Communist Party.

Through self-reliance, we must ensure ample supplies of food and clothing. These characters were Mao Zedong's reply to Chiang Kai-shek and were his call to soldiers and people in the revolutionary base areas. Following a personnel inspection by Commander Zhu De, Wang Zhen led Battalion 359 into Nanniwan, then uninhabited. In a short time, the land began to provide anti-Japanese soldiers and people with golden millet, which was more valuable than gold at that time. In the massive production campaign, Mao Zedong worked as hard as

everyone else, Zhu De carried loads with a carrying pole at Jinggangshan, and Zhou Enlai taught soldiers how to weave. In the revolutionary base areas one tract of uncultivated land after another became Nanniwan with plenty of food and clothing.

In the archives of history, besieging base areas for resisting Japanese aggression was only one of the crimes committed by Chiang Kai-shek against the people. During the entire period of the war of resistance against Japan, he launched three sinister anticommunist upsurges. In January 1941, during the second anticommunist upsurge, he dispatched seven divisions comprising more than 80,000 soldiers to southern Anhui to ambush the New Fourth Army on his way north to fight the Japanese aggressors. He helped the Japanese aggressors kill more than 7,000 anti-Japanese soldiers, thus creating the Wannan Incident that shocked people at home and abroad. [video shows pictures of Ye Ting, commander of the New Fourth Army, and Xiang Ying, the deputy commander, with a caption: "New Fourth Army commander Ye Ting was taken prisoner; Deputy Commander Xiang Ying was killed"]

Faced with Chiang Kai-shek, a fierce and overbearing person, the CPC, a full-grown party by then, neither panicked, made concessions, nor adopted adventurist actions as a pretext for forces trying to disrupt the anti-Japanese effort. Instead, the CPC, adhering to the self-defense principle of: we will not attack unless attacked; if we are attacked, we will certainly counterattack, launched a proper, reasonable, and resolute counterattack against Chiang Kai-shek. [video shows pictures of Chen Yi and Liu Shaoqi, with the caption: "After the Wannan Incident, Chen Yi was appointed acting commander of the New Fourth Army and Liu Shaoqi its political commissar"]

When the spring of 1942 turned the mountains in the highlands of northern Shaanxi green, the CPC opened a very important chapter in the annals of its founding. Our party launched a rectification campaign to repay the ardent love and expectations of history and the 400 million compatriots. The purpose was to combat subjectivism to improve the style of studying, combat sectarianism to improve party style, and combat stereotyped party writing to improve the style of writing. In the caves where oil-lamps were used and on the chilly mountain slopes people were discussing how to approach the principles of Marxism-Leninism from a practical standpoint, not a dogmatic standpoint; how to integrate the basic principles of Marxism with the practices of the Chinese revolution. This was part of the climb toward understanding the goal. People's thinking reached a new level through discussions. This was an attempt to enhance party spirit. Party unity was newly enhanced and consolidated through discussions. This was reality's contribution to the future. The whole party became more mature through discussions.

Seeking truth from facts, the idea that glistens with the wisdom of sages, was enriched with brand new meaning

by Mao Zedong. Mao Zedong Thought, which integrated Marxism-Leninism with the practice of China's revolution, sprouted up in the mighty current of the great revolution, grew in the fertile soil of the Jinggang Shan, and was thoroughly tempered in the war of resistance against Japan, had entered its mature period. [video shows a wall of the central party school with the four Chinese characters "Seeking Truth From Facts" on it]

The concept of Mao Zedong Thought was first mentioned in Wang Jiaxiang's article entitled, The CPC and the Road to the Liberation of the Chinese Nation, published in JIEFANG RIBAO on 8 July 1943. The Resolution of the CPC Central Committee Concerning Several Historical Questions, adopted at the Seventh Plenary Session of the Sixth CPC Central Committee [on 20 April 1945], declared to the whole party that we must be guided by Mao Zedong Thought, which integrated Marxism-Leninism with the practice of China's revolution, to fight for a bigger victory of China's revolution. [video shows Wang Jiaxiang's article in JIEFANG RIBAO and Wang's photo; cuts to show a part of the text of the aforementioned resolution and the conference hall of the plenary session]

This was the last and most important party congress during the period of democratic revolution. The success of the congress resulted in a more mature CPC. At this turning point in history, at which the Seventh CPC Congress was held, people not only saw the dawn of the final victory of the war of resistance against Japan, but also the first rays of the morning sun that heralded a national triumph of the new democratic revolution. [video shows Mao Zedong addressing a meeting, with two lines of caption reading "The Party's 'Seventh Congress,' held successfully on 27 April 1945"]

After making a long and difficult journey, the pace of history stepped up resolutely in 1945. On 26 July, the United States, Britain, and China declared the Potsdam Proclamation, urging Japan to surrender unconditionally. On 8 August, the Soviet Union declared war against Japan. On 9 August, Mao Zedong issued a statement on the final battle against the Japanese enemy. In light of the direction and order of the headquarters in Yanan, all strongholds in the war launched overall and fierce counterattacks against the Japanese troops. [video shows shots of battlefields; U.S., British, and Chinese leaders at the Potsdam Conference; and Mao Zedong's statement in JIEFANG RIBAO]

All the chaos of war, suffering, humiliation, blood and tears, hatred, grief, and indignation were to be settled in these counterattacks. On 15 August, Japanese Emperor Hirohito announced an unconditional surrender. On 2 September, the Japanese representative signed the surrender document, and 1.28 million Japanese troops in China laid down their arms to the Chinese people. [video shows photo of Hirohito, a Japanese representative signing the surrender document, and the Japanese troops laying down their arms in a field]

The war of resistance against Japan was the first war in which the Chinese people won a complete victory over the capitalist and imperialist aggressions in 100 years or so and thus liberated themselves. It wiped out the national humiliation since the 1840's and became a turning point for the Chinese nation to rise again from decline.

Motherland! Four hundred million compatriots! The day you were looking forward to had come at last. For the advent of this day, some 600,000 officers and men led by the CPC had devoted themselves to fight against the Japanese and over 6 million people in base areas behind the enemy lines had fallen under the guns and knives of the Japanese enemy. People of the entire nation will never forget that without the CPC, the mainstay in the war of resistance against Japan, the Chinese nation would never see the advent of this day. [video shows clippings from newspapers on the unconditional surrender of the Japanese Government and shots of people and army celebrating the event]

However, history did not allow the Chinese people to be immersed in happiness for long. The haze all over the sky quickly reminded the Chinese people that they were facing a decisive battle for two kinds of fate. [concluding video portion, accompanied by the theme song, is identical to the closing portion of Part One of this series]

Part Six

OW1007052592 Beijing Central Television Program
One Network in Mandarin 1420 GMT 3 Jul 92

[“Earthshaking Changes”—Part Six of 10-part series “Song of the Sun” produced by the General Political Department of the People’s Liberation Army in June 1992]

[Text] [Beginning portion of video identical to Part One and subsequent parts of series] This city, an ancient city that has witnessed the vicissitudes of history, is a new city with an impressive horizon. [video shows aerial view of modern Nanjing] In this city where, in the past, people have shed tears time and again, life is increasingly becoming more vibrant than ever. [video shows high-rise buildings and brightly-dressed bustling crowds] These are the silent citizens who epitomize the city’s past, present, and future. As they look into the distance, the surging waves of the Chang Jiang carry the sailboat of the times and push the wheels of history forward. A segment of modern history has left numerous heavy footprints here. [video shows surging waves on a river and a copy of the Sino-British Treaty]

On 23 April 1949, history finally reached a turning point here. Learning about Nanjing’s liberation from newspapers, Mao Zedong, who was at the Shuangqing Villa in Xiangshan in Beijing on that very day, felt an upsurge of emotions. He wrote a stirring poem to describe the historic event: As the enemy hurriedly flees, the 1-million-strong army crosses the great river; like a coiling dragon and crouching tiger, the troops victoriously

march in and bring about earthshaking changes. [video shows a still photo of Mao reading newspapers and footage of a battle]

Unexpected coincidences take place from time to time in history. Between the spring and summer of 1945, when victory in the war of resistance against Japan was in sight, two completely different congresses were held simultaneously in China—the Seventh CPC Congress and the Sixth Kuomintang [KMT] Congress. Mao Zedong declared the following: Our only task is to boldly mobilize the masses for strengthening the power of the people, to unite all forces that can possibly be united in China, and to strive under our party’s leadership to defeat the Japanese aggressors and build a bright New China—an independent, free, democratic, united, and prosperous New China. However, Chiang Kai-shek announced: The focus of work at present is to eradicate the Communist Party. Our enemy abroad is Japan, and at home it is the Communists. Only when the Communists are eradicated can our purpose be achieved. The two congresses lifted the curtains for a decisive battle involving the fate of the Chinese people. [video shows historical footage of Mao delivering a speech at the Seventh CPC Congress in Yanan and Chiang reviewing troops in Chongqing]

Chiang Kai-shek was determined to launch a blitzkrieg against the Communists, which he did in 1927. Like a butcher with a sharp knife, he shot three poisonous arrows in a row. Poisonous arrow one: He sent three cables to Mao Zedong successively on 14, 20, and 23 August, inviting him to Chongqing for negotiations. He calculated that if Mao Zedong did not come, he would shift the responsibility for starting a civil war onto the Communists, and if Mao Zedong should come, he would induce the Communists to turn over their troops and power. Poisonous arrow two: On 15 August, the day Japan surrendered, Chiang Kai-shek made a boisterous radio speech, declaring that from now on there should be no barriers between regions and skin colors, and that all people should work closely together like a family. A crocodile’s tear should be a highly efficient anesthetic; Chiang Kai-shek was proficient in his trade. Poisonous arrow three: He secretly reprinted and distributed copies of his “Handbook for Suppressing Bandits,” which he had edited when he encircled and suppressed the Red Army in 1933, demanding that KMT troops fulfill the mission they failed to fulfill 12 years earlier. However, cleverness often over-reaches itself. The CPC in 1945 was no longer a party at a tender age, as it was in 1927. In 1945, it was mature enough to control the changing times, as well as to steadfastly shoulder its responsibility toward history and the nation. With 1.2 million party members and a 1.2 million-strong revolutionary army under its command, the CPC was capable of bravely taking up arms and mounting the horse in self-defense when the time came. [video shows historical footage of Chiang reviewing troops and making speeches, and of Mao trekking mountainous paths with his fellow comrades; it shows copies of old newspapers and the “Handbook for Suppressing Bandits”]

Mao Zedong reminded the whole party to be prepared for a civil war plotted by Chiang Kai-shek: When we are attacked, our party must stand in self-defense and resolutely and thoroughly annihilate all enemies. To the surprise of international public opinion, the CPC Central Committee decided to send Mao Zedong, Zhou Enlai, and Wang Ruofei to Chongqing to attend negotiations with Chiang Kai-shek. This great moment was recorded in history. While the people saw Mao Zedong's dedication to them, he realized their profound sentiment from their tears. When Mao Zedong got off the plane in Chongqing, many people were worried about him and the fate of China. However, Mao Zedong wore a calm and confident smile—a signal of tacit understanding and stirring strength to both his friends and enemies. [video shows file photo of Mao, Zhou Enlai, and George Marshall standing next to an airplane at the Yanan airport on 28 August 1945, and another photo of Mao waving from an airplane; it cuts to show footage of Mao deplaning and shaking hands with KMT officials, as well as shots of newspapers acclaiming Mao's visit to Chongqing]

Chiang Kai-shek, who earlier calculated that Mao Zedong did not have the nerve to visit him at his tiger's den, was suddenly stricken with panic. He did not prepare any proposals for the negotiations. However, Mao Zedong, who always stressed efficiency in doing things, presented a proposal from the CPC to close its revolutionary bases in eight southern provinces and streamline its troops to a ratio of one to seven with the KMT, in a bid to win the long-cherished hope of peace for the people throughout the entire country. [video shows footage of Chiang speaking at a meeting, as well as Mao's lodging and office in Chongqing]

An American who witnessed the negotiations process at that time described Chiang as tense and intricate but Mao as calm and frank. On 10 October, after 43 days of negotiations, the two sides formally signed a summary of talks between the government and representatives of the Chinese Communists—that is, the 10 October Agreement. Chiang Kai-shek put on an act of recognizing the basic principle of peace for founding the country. [video shows a file photo of Mao with a group of foreigners, as well as footage of Zhou Enlai at the signing ceremony; it cuts to show part of the agreement and a picture of Chiang and Mao toasting one another]

One day during the negotiations, Mao Zedong accidentally met Chiang Kai-shek on this road while he was taking a walk in the morning. [video shows shots of a mountain path and a stone table and benches with a caption reading "Mao Zedong and Chiang Kai-shek met here on 25 August 1945"; it cuts to show a file photo of Mao and Chiang standing side by side] This is the only time that these two prominent figures in modern Chinese history took the same road. History should remind Chiang Kai-shek that if he had continued to walk with this man standing beside him, not only China but also Chiang himself would have had a bright future. However, Chiang Kai-shek immediately turned around and

left. He had made up his mind a long time ago to continue the path he had chosen in 1927.

Reading Chiang Kai-shek's mind at that time, then U.S. Secretary of State Dean Acheson said: After the war ended, the KMT became ever convinced that a unified and democratic China would deprive them of everything. A gambler who knows he is going to lose everything is willing to do anything. During the negotiations, Chiang Kai-shek repeatedly sent troops to attack liberated areas. Only three days after the signing of the 10 October Agreement, he again ordered his subordinates to instruct their troops to advance and suppress the Communists to swiftly fulfill the mission in accordance with the "Handbook for Suppressing Bandits" written by Chiang Kai-shek personally. In the ensuing six months, the KMT deployed more than 2.7 million troops while launching more than 47,000 offensives against liberated areas. [video shows footage of troop movements and battles]

The United States was unwilling to see Chiang Kai-shek lose everything, because it would be tantamount to the United States giving up China. In June 1946, the United States provided arms for 46 KMT divisions and transported 500,000 of Chiang's troops with airplanes and naval vessels to the civil war fronts. The expense of the transportation alone amounted to \$600 million. Wedemeyer, commander in chief of U.S. troops stationed in China, described this as undoubtedly the largest airlift of troops in world history. [video shows footage of U.S. generals and soldiers in Chongqing, ships and airplanes loaded with KMT troops, airplanes taking off, and tanks rolling on] (Sneaky) Chiang Kai-shek could not conceal his ecstasy. With 4.3 million troops armed with U.S. weapons, he controlled three quarters of China's land and people and almost all large and medium-sized cities. His troops were completely ready at the front lines for a civil war. Believing he was going to win, he decided to go into the war in a great way. Toward the end of June 1946, Chiang Kai-shek deployed 220,000 troops to launch a large-scale offensive against the Liberation Army in the central plain, thereby forcibly imposing an all-out civil war on the Chinese people and the CPC. Full of complacency, Chiang Kai-shek put forward a pressing timetable to annihilate the troops of the Liberation Army in the central plain within 48 hours, to take northern Jiangsu in two weeks, to open the Tianjin-Pukou and Qingdao-Jinan railways in three weeks, and to resolve the ultimate problem of unifying all of China within six months. [video shows footage of Chiang addressing and reviewing troops during the civil war]

At this crucial moment when the infinite darkness suddenly sprang upon China, all of China and the whole world again heard Mao Zedong's call here: We not only have to defeat Chiang Kai-shek, but are also able to defeat him! [video shows people in a rally hailing Mao's call]

On 6 August 1946, Mao Zedong sat on this stone stool, talking about Chiang Kai-shek, U.S. imperialism, and

the then miraculous atom bomb with American correspondent Strong, who sat across the table from him. While chatting cheerfully and humorously, he came up with an earthshaking thesis—all reactionaries are paper tigers; so are Chiang Kai-shek and his supporters, the U.S. reactionaries. [video shows the stone stool and table in Mao's former residence, cuts to show shots of American correspondent Anna Louis Strong, Mao Zedong, and a page of an article on the Mao-Strong talks from *The Selected Works of Mao Zedong*]

This great idea, which was brought about by history, immediately became a strong force to push history forward. With the people's support, the PLA soundly beat the paper tigers and annihilated 1.12 million enemy troops in the first year of the civil war initiated by Chiang Kai-shek, an average of eight (?brigades) per month. Its own troops developed from some 1.2 million to 1.9 million or more.

In March 1947, Gu Zhutong, commander in chief of the KMT army, commanded 60 brigades, about 450,000 people, including the No. 74 reorganized division, which was one of Chiang Kai-shek's five major forces, to mount a large-scale offensive against the liberated areas in Shandong. Chiang Kai-shek, who had suffered one defeat after another, thought the battle would somewhat save face for him. However, just when he was about to hold a victory meeting, there came an emergency telegraph asking for help from the No. 74 reorganized division. [video shows scenes of battlefield from the movie "the Red Sun" and a file photo of Gu Zhutong]

Armed soldiers rushed to the hilltop for a battle, where their combat uniforms were soaked with blood and rain. Our field army in eastern China gave full play to their strength on Menglianggu, fought fiercely for three days and nights, and annihilated over 32,000 people from the division, including Lieutenant General (Zhang Linhu), the division commander. Thus, Chiang Kai-shek received a notice to turn his victory meeting into a memorial meeting. Chiang Kai-shek, a paper tiger who had bared his fangs and brandished his claws, was now beating his breast, stamping his feet, and wailing. Having suffered such an unprecedentedly great loss, how could he restrain himself from wailing? [video continues to show scenes of battle, file photos of Li Yu and Chen Yi, and a press clipping on the annihilation of the KMT No. 74 division]

In complying with the principle of never minding the seizure or loss of a city or locality and aiming chiefly at annihilating the enemy's effective strength, our army actively withdrew from Yanan after heavily mauling the invading enemy. Among the last group of withdrawing personnel were Mao Zedong and the American correspondent Strong, who was well-known among the Chinese people. Before leaving Yanan, Mao Zedong's conversations with Strong were still very calm and humorous: Does not Hu Zongnan [a KMT officer] have the same idea as ours? As he desperately wants to come here, we cannot but leave. When we return to Yanan one year later, at most two

years, we will invite you to stay here as long as you like. [video shows shots of withdrawing PLA army and people and the empty city of Yanan]

Chiang Kai-shek and his ever-vincible generals did enjoy holding Yanan for some time. Chiang Kai-shek flew to Yanan and again clamored for wiping out the communist army within three months. Even the Americans disdained such remarks. They later ridiculed him as saying: Three months later, his army was nibbled out. This was what he had not anticipated while howling in the empty city. [video shows the KMT army entering Yanan and a photo of Chiang Kai-shek and his troops in Yanan]

Thanks to the press photographer at that time, who left us these extremely valuable shots. It was on this bumpy and rugged road in northern Shaanxi that Mao Zedong and his battle companions commanded liberation campaigns around the nation and guided the revolution to the final victory step by step, under the conditions of eating in the wind and sleeping in the dew. [video shows Mao and his troops walking along a rugged mountain road, cuts to show them resting in the wilderness]

Within 45 days of withdrawing from Yanan, our field army in northwestern China won the three battles at Qinghuabian, (Yangma He), and (Hanlong Town), annihilating some 20,000 enemies. Then on their way to the northwest, they wiped out the entire No. 36 reorganized division under Hu Zongnan at (Shajiadian). The enemy troops, who were frenziedly assaulting northern Shaanxi, found that except for tombs, nothing here would ever become theirs. One year later, Yanan was again in the hands of the people. [video shows shots of battle, Peng Dehuai, and people welcoming the PLA entering Yanan]

During the decisive battle between these two destinies, the people in the KMT-controlled areas did their share of historical duties. They launched a large-scale patriotic movement for democracy under the CPC leadership and thus opened a second front in support of the people's liberation war. [video shows documentary clips of demonstrations]

In order to beg for U.S. aid in fighting the civil war, the KMT authorities signed a number of open and secret treaties and agreements with the United States which betrayed and humiliated our country after the war of resistance against Japan. The KMT-controlled areas were almost like an American colony. American goods monopolized China's markets and submerged China's fragile national economy like a flood. U.S. troops stationed in China ran wild and committed crimes. In a little over one year after the war of resistance ended, some 3,300 Chinese people were either killed or wounded by the troops. The people were boiling with resentment. Students in Beijing took to the streets first and held an anti-U.S. demonstration, fighting for both personal and national dignity. Their action soon touched off a nationwide anti-U.S. and anti-tyranny movement. [video shows film clips of KMT-U.S. signing ceremonies,

American goods displayed in windows, American troops marching in formation, and anti-U.S. demonstrations]

Under the KMT rule, China's industrial output in 1947 decreased by more than 30 percent, its agricultural output dropped by 30-40 percent, and commodity prices rose 60,000-fold, as compared with the pre-war years. While many industrial factories were going bankrupt, the printing presses in the government mint were running wildly. Five printing shops in Shanghai under the government mint could print 16 million yuan worth of paper money per minute. However, the KMT authorities were still not satisfied with the printing speed. They also had paper money printed in the United States and Britain and transported home by air. According to an AP dispatch from Shanghai on 24 July 1947, 100 yuan of the KMT's paper money could buy a pig in 1940, a chicken in 1943, a fish in 1945, an egg in 1946, and one-third of a box of matches in 1947. At the same time, the total wealth accumulated by unfair means by the families of Chiang, Sung, Kung, and Chen of the KMT exceeded \$20 billion. The four families monopolized more than 80 percent of the nation's industrial capital. Hungry people were everywhere, and many were starving to death. While it was the reality in China then, young people today can only read about it in books. This anti-hunger demonstration was a raging tide which the people were driven by the KMT to hold and which Chiang Kai-shek could not stop. [video shows film clips of factories, currency printing presses in operation, people buying groceries with large bundles of paper money, Chiang Kai-shek's wife at a reception, refugees in the street, and an anti-hunger demonstration]

In order to save the miserable people, the CPC Central Committee, after assessing the growth and decline of the relative strength between the enemy and ourselves, decided to immediately start a nationwide counter-offensive instead of waiting until the enemy's strategic offensive was completely crushed and the People's Liberation Army gained numerical superiority. On the night of 30 June 1947, 120,000 of our troops under Liu Bocheng and Deng Xiaoping crossed the Huanghe. Knowing that the brave always win in an unavoidable confrontation, they heroically and repeatedly defeated strong enemy forces and advanced 1,000-li into the Dabieshan region. The liberation war had reached a great turning point. [video shows film clips of battlefield scenes, Liu Bocheng and Deng Xiaoping standing side by side, troops marching into villages, and mountain scenery]

Let us leave the battlefield of the liberation war for a while and explore the source of the motive forces then. These peasants whose hearts were linked to that of our leader remind us of a story of winter in 1942. On a cold windy day in Chongqing, Zhou Enlai and Big Sister Deng [Zhou's wife Deng Yingchao] paid a visit to Soong Ching Ling. Pointing at two bundles of rice ears given her by peasants, Soong Ching Ling said: They are more precious than gold. Of the Chinese people, 80 percent are peasants; if agricultural harvests are good every year, the people will be comfortably off. Zhou Enlai said seriously:

After liberation of the country, we will include ears of grain in our national emblem. In the national emblem hung in the Great Hall of the People today, ears of grain and a cogwheel together support Tiananmen, the symbol of our Republic. [video shows documentary clips of Mao Zedong speaking with peasants, a picture of Zhou Enlai and Soong Ching Ling, film clips of Soong Ching Ling, and the PRC national emblem]

At a time of waging a strategic decisive battle against the KMT, the CPC Central Committee in 1948 put forward a thoroughly anti-feudal agrarian program. Our party knew that to thoroughly solve the land problem and allow peasants to be the masters of the land was the most fundamental condition for defeating the enemy. By the autumn of 1948, feudal production mechanisms were completely wiped out in the liberated zone, which had a population of 100 million. The peasants who had been given land to till displayed great political enthusiasm in wanting to repay the attention shown to them during the revolution. In turn, 1.6 million of them joined the Army and 7 million others worked as civilian laborers at the front for the Army. These fighters who joined the Army after the agrarian reform will never forget the pride of wearing the red bouquets and the warm blessings given to them by fellow villagers. Another unforgettable thing is the Army's rectification movement, which started soon after they joined the Army. They poured out the grievances of the nation and the proletariat, and, in tears, they handed their hearts to the party. Studies on their class origin, duty performance, and will to fight fired their longing to go to the battlefield right away. Both the people and the Army supported the CPC, and history has long irreversibly chosen the CPC. [video shows film clips of the national land conference, picture of Liu Shaoqi, clips of peasants' meetings, villagers joining the Army, and an Army meeting on venting grievances]

In this command room with a floor space of only 20 square m, Mao Zedong and his comrades in arms implemented the trust placed on them by history, directing an earthshaking drama on the stage of China's 9.6 million square km of land. On 12 September 1948, our Northeast Field Army moved south at the orders of the Central Military Commission and started the large-scale Liaoxi-Shenyang campaign. On 15 October, our troops, after 31 hours of fierce fighting, wiped out all of the nearly 90,000 enemy defenders in Jinzhou, and captured Fan Han-chieh [Fan Hanjie], deputy commander in chief of the KMT Northeast Communist-Suppression Headquarters. The KMT troops in the northeast region were like dogs trapped in a room. Chiang Kai-shek hurriedly ordered a large number of troops under the command of Liao Yao-hsiang [Liao Yaohsiang] to move westward in an attempt to recapture Jinzhou. On 26 October, after two days and one night of intense fighting, our Army annihilated more than 100,000 of Liao's troops and took Liao captive at Heishan and Dahushan. On 2 November, several hundred thousand of our troops followed up the victory with pursuit and successively took Shenyang and Yingkou and liberated the entire northeast region. [video

shows a house and caption: "Xibaipo in Pingshan, Hebei"; a small room; a clip of Mao Zedong; film clips of Lin Biao and Luo Ronghuan; battlefield scenes; and pictures of Fan Han-chieh and Liao Yao-hsiang]

Soon after the Liaoxi-Shenyang campaign was over, our East China and Central China Field Armies launched the unprecedented Huai-Hai campaign at the orders of the Central Military Commission. The KMT troops in the Huai-Hai region outnumbered our assault forces and their weapons and equipment were much better than ours. Our Army, operating in accordance with the Central Military Commission's plan, massed a superior force in outflanking the enemy, destroyed enemy units one by one, and won a great victory. Huang Pai-tao's (Huang Baitao's) army group was wiped out on 22 November, and Huang Wei's army group was annihilated on 15 December. On 6 January 1949, the People's Liberation Army launched a general offensive against Tu Yu-ming's [Du Yuming's] forces, who refused to surrender. After four days of fierce fighting, our Army wiped out two enemy army groups and captured Tu Yu-ming. Our victory in the Huai-Hai campaign made the KMT government's capital, Nanjing, directly exposed to our Army and the days of the Chiang Dynasty in China were numbered. [video shows film clips of Liu Bocheng, Deng Xiaoping, Chen Yi, Su Yu, and Tan Zhenlin; clips of troop movements and battlefield scenes; pictures of Huang Pai-tao, Huang Wei, and Tu Yu-ming; and pictures of the Huai-Hai Campaign Memorial Hall and a monument in memory of those who died during the campaign]

While the Huai-Hai campaign was progressing towards victory, our Northeast Field Army and the 2d and 3d Army Groups under our North China Military Region, with a total strength of 1 million, launched the Peiping [Beijing]-Tianjin campaign. On 14 January 1949, our Army started a general offensive on Tianjin, wiped out all the 130,000 enemy defenders after 29 hours of intense fighting, and captured Chen Chang-chieh [Chen Changjie], commander of the KMT's Tianjin garrison. Facing our powerful Army and under our party's patient persuasion, Fu Tso-i [Fu Zuoyi], commander in chief of the KMT's North China Communist-Suppression Headquarters, finally decided to comply with the people's aspirations and ordered his troops to go outside the walls of the city to be reorganized. On 31 January 1949, Peiping was peacefully liberated. [video shows film clips of troop movements; Lin Biao, Luo Ronghuan, and Nie Rongzhen in command posts; battlefield scenes; a picture of Chen Chang-chieh; clips of KMT troops surrendering arms; a picture of Fu Tso-i; and clips of PLA units entering Beijing]

The three great campaigns of Liaoning-Shenyang, Huai-Hai, and Beiping-Tianjin lasted four months and 19 days and annihilated 1.54 million KMT soldiers. The campaigns produced a miracle, in terms of both scale and results, rarely seen in the world history of wars. They reflected the victory of Mao Zedong's military thought.

They were the glorious embodiment of the great revolutionary boldness of vision and the superb art of military command exhibited by the party Central Committee and the Central Military Commission. [video shows people in civilian clothing driving, pushing, or pulling carts laden with goods]

The three campaigns also boasted of the great feats performed in the people's war. In the Huai-Hai campaign alone, 5.43 million workers supported the front line by transporting over 14.6 million jin in ammunition as well as 960 million jin in grain and materials needed by the military. Marshal Chen Yi once said with deep feeling: We owed our victory in the Huai-Hai campaign to people who pushed the carts. [video shows long shots of men huddling together beside trucks billowing smoke, then switches to show closeup shots of a copy of TAKUNG PAO and the headline "President Chiang's New Year Message: It Is Hoped That There Will Be a Peaceful Solution to the National Affairs"]

Chiang Kai-shek issued a statement calling for peace on 1 January 1949, which was forced by a predicament described as having to drink ice water during the winter and crossing sunken bridges on winter nights. However, there was no change in his character. He continued to insist that he maintain his so-called legally constituted and reactionary troops, and he threatened to fight the CPC until the end if he could not keep them.

On that same day, the CPC presented a reply to Chiang Kai-shek in its New Year's message: Carry the revolution through to the end. The people of China would not show sympathy to a snake-like villain nor accept the KMT's ("bandit-like") propositions to divide up territories and rule accordingly. The people would use revolutionary methods to resolutely, thoroughly, efficiently, and completely wipe out any reactionary forces. [video shows some people, including Mao Zedong, entering a hut, then switches to show medium shots of Mao Zedong and the caption "the Second Plenary Session of the Seventh CPC Central Committee"]

This was the last Central Committee plenary session held by the CPC before the founding of New China. The plenary session made full preparations to strive for a nationwide victory and also preparations in such aspects as politics, economics, foreign affairs, organizations, ideologies, and the control of the country's political power.

When the KMT government in Nanjing refused to sign an accord of peace inside China on 21 April 1949, Mao Zedong and Zhu De issued an order to conquer the whole country to officers and men of China's PLA. Some 1 million of our bold warriors set off right away with a force capable of crushing dry weeds and smashing rotten wood. They crossed the Chang Jiang and advanced along three routes across 1,000 li of battlelines stretching from Hukou in the west to Jiangyin in the east. The Chang Jiang line of defense, which the KMT painstakingly built up in the past three and a half months, instantaneously collapsed. Forward! To the final victory! Forward! To

the liberation of the whole country! [video shows troops crossing a river in small junks amid enemy fire, troops sweeping into a building, a pair of hands taking down a picture of Chiang Kai-shek hanging on a wall, and the lowering of a flag on a building identified as the presidential palace] The calendar in the KMT presidential palace was forever frozen on the page bearing the date 23 April 1949.

The PLA forces along all routes advanced on the crest of victory and marched toward provinces situated south of central China and in the northwest and southwest. They finally drove the KMT's Chiang Kai-shek clique from Mainland China and liberated, other than Taiwan Province, a wide expanse of China's land. [video shows long shots of a heavily-garbed Mao Zedong alighting from a car, switches to shots of fireworks illuminating the sky, and finally shows medium shots of Mao Zedong standing and saluting on a moving jeep]

After 28 years of soul-stirring battles with fierce winds and gigantic waves, the revolutionary vessel which set sail from Nanchang finally reached the other shore which our forefathers longed for in their dreams and the starting point from which our future generations would carry forward the revolutionary cause and forge ahead into the future. At the point where eras crossed, the people affirmed a great truth: There will be no New China without the CPC. At the point where eras crossed, our party again affirmed a basic experience: The universal truth of Marxism must be integrated into the practice of the Chinese revolution. At the point where eras crossed, Mao Zedong told the whole party: The road ahead is longer and more difficult. [concluding video portion, accompanied by the theme song, is identical to the conclusion of Part One of this series]

Economic & Agricultural

Economist Urges 'Market Economy' as Final Goal
OW1107152992 Beijing XINHUA in English
1349 GMT 11 Jul 92

[Text] Beijing, July 11 (XINHUA)—China should define the market economy as the final goal of its economic reform, and base its overall development policy on market theory, a high-profile economist urged at a panel meeting here.

More and more economists are beginning to say yes to the term "socialist market economy", which has hit the headlines recently.

At the meeting, sponsored by the Institute of Global Concern and held last week in Beijing, economist Yu Guangyuan said China should establish a brand new socialist market mechanism in the process of reform and development.

He said it is imperative to set as the goal of reform a complete market mechanism and strive to complete the

transition to the new economic system by working earnestly while guarding against interference from "leftist" deviation.

Economist Tong Dalin told the meeting that to speed up the reform means to quicken the pace toward the realization of a modern market economy.

"It's high time that the term market economy appeared in our press, and its concept and connotation were accepted and penetrated our theoretical studies," urged Tong, who is vice-chairman of the China Research Institute for Economic Restructuring.

Over the past dozen years since China adopted the reform and open policies the most controversial issue among Chinese theoreticians has been how to integrate the planned economic model with the market element.

Many terminologies have been adopted to avoid direct mention of the market economy, which used to be synonymous with capitalism.

However, the economists argued, as early as in 1979 Deng Xiaoping said that a market economy could be practised in a socialist country. And in his trip to south China early this year the architect of China's reform reaffirmed his earlier statement, saying that planned economy is not equal to socialism while market economy does not equate capitalism.

Economist Wu Jinglian attributed China's achievements made in the past 10 years to the market-oriented reform, which he said could free China from the difficulties brought about by highly-centralized planning.

"Whether to accept market economy or not has a direct bearing on the fate of our economic reform," Wu stressed.

The economists held that at present, while continuing the reform of the old planned economy, China should create conditions to cultivate the new market economy.

They said they believed that the term "socialist market economy" not only embodies China's experience in the 10-odd years of reform, but also best reflects the nature of a socialist economy with Chinese characteristics.

Bullish Jan-Jun Stock Market 'Overheated'
OW1307132792 Beijing XINHUA in English
1309 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—China's stock markets have experienced a bull market during the first six months of 1992, with the transaction volume in the period amounting to five times the total for the whole of last year.

China issued stocks valued at 5.2 billion yuan between January and June, and the transaction volume on the Shanghai and Shenzhen Stock Exchanges exceeded 21.6 billion yuan.

In 1991, China issued stocks valued at some 2.77 billion yuan, and the two exchanges handled total transactions of over 4.4 billion yuan.

At the same time, the number of companies listed on the two exchanges has increased from 15 to 32, and 43 stocks with an overall face value of over 3.05 billion yuan are traded. Ten stocks valued at over 377 million yuan are B shares which are targeted at overseas investors.

The number of companies listed on the Shenzhen exchange is expected to reach 50 by the end of the year, while the Shanghai exchange is expected to offer 70 stocks. The Shanghai Stock Exchange predicted that the transaction volume for the Shanghai exchange during 1992 will increase ten-fold over last year's figure.

Spokesmen from the exchanges said that preparations are underway for economically efficient local companies to issue and list shares in Hong Kong, possibly within this year.

Experts say the brisk activity on the stock market reflects the rapidly expanding domestic economy since late last year.

However, they cautioned that problems still exist as the fledgling stock markets head for maturity.

According to market analyst Lin Wen, a member of the Stock Exchange Executive Council under the State Commission for Restructuring the Economic System, the current market is somewhat "overheated."

Some local companies hoping to expand production have been lured by the huge amounts of capital which can be raised on the markets, and have issued stocks without proper authorization. Such incidents have occurred despite the fact that the central government has stressed time and again that the issuance of shares must be approved by the People's Bank of China, the country's central bank. At present, only three provinces—Guangdong, Fujian and Hainan—and Shanghai and Shenzhen cities have been authorized to issue shares to the public.

Lin said that many stock prices are artificially high due to the large gap between supply and demand, and do not, in fact, reflect the true performance of certain enterprises.

"Excessive market speculation is a big risk for investors," said Lin.

Officials from the State Commission for Restructuring the Economy pointed out that China faces a difficult task bringing share issuing enterprises up to standards, since mechanisms of a planned economy still play a role in their operation.

As part of an effort to ensure the healthy development of the stock market and help install international norms, the central government recently issued seven documents guiding the implementation of the share-holding system,

accounting and auditing activities of such a system, and regulations governing operation of the market.

At present, China has no national laws related to corporations and securities. However, last week, the State Council announced the formation of a working conference, which will be staffed by high-level officials from ten ministries, to increase market supervision. In addition, more regulations and rules are expected to be drafted in the near future in order to complete the legal framework for share-holding companies and the stock market.

The China Securities Supervisory and Management Committee, which will be composed of experts from the departments of finance, law, accounting, and property appraisal, will be established in the near future.

This committee will review the qualifications of corporations seeking to be listed on the exchanges, and will ensure the market operates fairly and openly.

Steps Taken To Raise Funds for Firms Via Stocks

HK0807093892 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 0406 GMT 30 Jun 92

[“Special Feature” by Shi Qingxia (2514 7230 1669)]

[Text] Hong Kong, 30 Jun (ZHONGGUO TONGXUN SHE)—Following the acceleration of reform and opening up in China, many foreign businessmen keep coming to the country. The main issue at present is direct foreign investment. According to statistics, there were 8,926 newly approved foreign investment projects throughout the country during the first five months of this year, with negotiated investment amounts of 10.45 billion yuan, more than a one-fold increase over the same period of last year. These are manifestations of asset value increments of joint ventures, cooperative enterprises, wholly-owned foreign enterprises whereas large and medium-sized enterprises which urgently need funds for their transformation are still facing fund shortages. Chinese economic experts are of the opinion that to solve this problem, various kinds of channels should be adopted to accommodate and raise adequate funds to meet large and medium-sized enterprises' needs. There are indications that China has already started this work. Main examples are as follows:

1. The issuance and transaction of B shares have initially taken shape. Apart from the seven kinds of B shares listed on the Shanghai and Shenzhen stock markets, the Shanghai Textile Machinery Factory, the Shanghai Alkaline Chloride Factory, the Shenzhen Zhongguan Textile Printing and Dyeing Factory, and the Shenbao Industrial Company Limited recently also issued B shares. Shanghai will possibly go beyond the annual limit of \$100 million in issuing B shares. In the meantime, companies in other localities are also making preparations for the issuance of B shares. An example is the Xiamen Automobile Shareholding Company Limited. In addition, consignment and purchase of B shares outside

the borders are very active. In Hong Kong, seven Chinese funds have selected China's B shares for their investment target and the capital raised by these funds is several times the available B shares. Overseas, the Maylin Securities Company and others have joined the consignment of B shares across the border. Since June, 10 securities companies in and outside the country have purchased on consignment four kinds of Shanghai B shares worth 200 million yuan.

2. Many Chinese-funded companies in Hong Kong are seeking the first stock-listing position. Subsequent to the Chinese International Trust and Investment Corporation and the Yuehai Company, the Haihong Group Company Limited affiliated with the Chinese Merchants Steam Navigation Company Limited has announced its stock-listing plan, to raise 91.9 million yuan by selling shares at 1.5 yuan each. In addition, many other Chinese-funded enterprises recently expressed their intention to list in Hong Kong the shares of some well-operated wholly-funded affiliated companies. Of these, the China Resources Company, the Huamin Company, and the Chinese Overseas Construction Company Limited have explicitly expressed their intentions. As learned, the latter has planned to list the stocks of the Chinese Overseas Real Estate Company, its affiliated company with total assets of 2 billion yuan.

3. Companies registered with the mainland authorities are active in trying to list their stocks in Hong Kong. Now quite a number of mainland large and medium-sized enterprises with solid resources and fine business achievements intend to list their stocks in Hong Kong. Although there is a gap between mainland accounting and auditing standards and internationally recognized standards, the Chinese Government has, on the one hand, promptly formulated shareholding laws and regulations including "Standard Regulations on Companies Limited"; on the other, it has also introduced Hong Kong's accounting system. A Hong Kong accounting office has now set up a branch office on the mainland. A person in this business pointed out that the internationalization of mainland accounting business will speed up following the introduction of accountants from abroad, particularly from Hong Kong.

Securities Supervisory Body Being Created

HK1207050792 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 12-18 Jul 92 pp 1, 2

[By Ren Ren: "Securities Exchange Rules To Be Unified"]

[Text] Consolidated management of China's fledgling stock markets is expected to come out of a recently-established State Council working conference on how best to oversee the nation's stock markets.

The China Securities Supervisory and Management Committee is expected to be created to supervise stock markets.

Meanwhile, national authorities are working to shore up the country's laws governing securities trading.

The establishment of the conference is an important measure to further reform and speed the healthy development of securities markets, said an official with the People's Bank of China.

The conference, headed by State Councillor and People's Bank Governor Li Guixian, will oversee the securities market on behalf of the State Council.

The conference is being staffed by high-ranking officials from the country's 10 key economic ministries and administrations.

To ensure that the operations and management of the securities market are clear to all investors, the conference has decided to publish major excerpts from the meeting in the form of a proclamation.

Joint efforts by the various government groups involved in the conference will help ensure coordinated management of the market by the State to help it develop soundly, the bank official said.

The China Securities Supervisory and Management Committee, which is in the process of being formed, will be composed of experts from China's departments of finance, law, accounting, taxation, foreign exchange and property appraisal.

This committee aims to oversee the qualifications of corporations that get listed and to ensure the market operates fairly and openly.

The committee also is expected to report its work to the public through the news media.

China is speeding construction of a legal framework for the stock market as it constructs a management system. The State Commission for Restructuring the Economic System and the People's Bank of China are currently drafting a set of unifying regulations so that all stock trading is done under the same set of rules.

China does not have national laws on corporations and securities.

Official Interviewed on Joint-Stock System

HK1007143692 Beijing RENMIN RIBAO in Chinese 29 Jun 92 p 2

[By staff reporter Wang Qingxian (3769 3237 2009): "Let Shareholding System Develop Soundly—Interviewing Person in Charge of State Commission for Restructuring the Economic System on Issues Concerning Experiments of Joint-Stock System"]

[Text] Transforming the enterprise operating mechanisms and improving the large and medium-sized state-owned enterprises is the central task of this year's in-depth reform. Through discussions held over a long time and the practice of the pilot schemes over the past

eight years, the positive role of the joint-stock system in transforming the enterprise operating mechanisms has been discerned by more and more people.

The development of the two stock exchanges in Shanghai and Shenzhen has once again made the joint-stock system into the center of attention. Recently, this reporter interviewed a responsible official in the State Commission for Restructuring the Economy on how to properly carry out the pilot schemes of adopting the joint-stock system.

[Wang Qingxian] Since 1984, our country has begun to carry out pilot schemes of the joint-stock system. In practice, some joint-stock enterprises did not act according to the principles of the joint-stock system. For example, the stocks issued by some enterprises through internal channels bore unchanged principal and fixed interest payment, and also brought dividends. Some enterprises still followed the old financial and accounting system without adapting it to the joint-stock system. As a result, the joint-stock system did not play as positive a role as expected in transforming the enterprise operating mechanisms. What do you think about this?

[Official] The pilot schemes of the joint-stock system is an important component part of our country's 10-year program for the development of reform and in the 1992 reform work guideline. In general, the development of the joint-stock system pilot projects is positive. The main problem that should be noted is: The work of legislation did not keep pace with the pilot schemes of the joint-stock system; as a result, many enterprises that have adopted the joint-stock system did not act according to the basic rules of the joint-stock system. When some existing state-owned enterprises and collective enterprises were changed into joint-stock companies, some of them did not conduct careful assets appraisal. Their original assets were underestimated, or were not evaluated at all. This caused the erosion of the state assets and the collective assets. Due to imperfect management of the stock market, the stock prices fluctuated violently, and this caused certain psychological distortions with regard to the stocks in society. In addition, some enterprises involved in the joint-stock system merely set their eyes on the funds they could raise through issuing stocks, and did not concentrate on transforming the enterprise operating mechanisms. So the results of the pilot schemes there were not satisfactory.

The pilot schemes of the joint-stock system are representative of a major reform measure which requires strict implementation of the policies concerned and which involves things in many aspects. So resolute and bold experiments should be made, and things should also be advanced prudently and strictly according to the standardized rules laid down by the state. Only thus can the pilot schemes achieve good results.

[Wang Qingxian] In order to guide the pilot schemes of the joint-stock system to develop in the direction of standardization, some measures and regulations have

been published by the newspapers. In addition to these measures and regulations, what other policies and rules will be adopted?

[Official] After evaluating the experience of the pilot schemes of the joint-stock system and in view of the existing problems in the current pilot schemes, the State Commission for Restructuring the Economy has joined other pertinent departments in formulating a set of relevant policies and rules. They mainly include the "Methods of Conducting Pilot Schemes of the Joint-Stock System in Enterprises," jointly published by five departments, which stipulates the purpose, principles, scope, establishment procedures, examination and approval procedures, and government management of the joint-stock enterprises; the "Opinion on Standardizing Companies With Limited Stocks" and the "Opinion on Standardizing Companies With Limited Liabilities," which stipulate the basic rules for the operation of the joint-stock enterprises and constitute our country's first official documents about the operation of joint-stock companies; and 12 other relevant documents which have been published and will soon be published in succession. In addition to the "Accounting System for Enterprises Involved in Pilot Schemes of Joint-Stock System," which has been published in newspapers, interim regulations on the overall management, financial management, labor and wage management, taxation, auditing, state assets management, material supply and marketing, industrial and commercial registration, statistics, stock issuances and transactions, and the management of newly begun projects with regard to the enterprises involved in the pilot schemes of the joint-stock system will be promulgated in succession.

Enterprises which are involved in the pilot schemes of the joint-stock system should be screened according to the standards laid down by the five ministries and state commissions, and their registration should be reexamined and approved. Those which basically measure up to standard but are not perfect enough should be further standardized; and those which do not measure up to standard should be reorganized and improved. Henceforth, all pilot schemes of the joint-stock system should be conducted in light of the requirements specified by the above-mentioned documents.

[Wang Qingxian] Can some enterprises, which have conditions for adopting the joint-stock system on a trial basis, decide on their own to openly issue stocks to the general public or to conduct a pilot scheme of the joint-stock system by allowing their workers or other legal persons to hold shares with them?

[Official] This is prohibited. Recently, some localities approved without authorization the issuance of stocks by some enterprises to the general public or spread shares held by their workers to society, and they did this in violation of the written stipulations laid down by the State Council. Such practices have seriously affected the

normal process of experimenting with the joint-stock system, so it must arouse serious attention from leaders at all levels.

While allowing workers to hold shares in their own enterprises or issuing shares openly to the general public, the enterprises concerned must first transform themselves in light of the joint-stock system and must strictly follow the relevant regulations of the State Council and the "Methods of Conducting Pilot Schemes of the Joint-Stock System in Enterprises" which was jointly laid down by the five departments, and must acquire the approval from the appropriate departments headed by the State Commission for Restructuring the Economy or the economic restructuring department in various provinces, autonomous regions, and municipalities. The concrete procedures of approval include the following aspects:

—The pilot schemes of the joint-stock system in enterprises whose shares are held by legal persons and by their own workers should be examined and approved by the appropriate departments headed by the economic restructuring department in various provinces, autonomous regions, and municipalities.

—The pilot schemes in which shares are issued to the general public but are not listed in the stock exchanges are now only carried out in the three provinces of Guangdong, Fujian, and Hainan. The methods of the pilot schemes and the size of share issuance must be approved by the People's Bank of China and the State Commission for Restructuring the Economy.

—At present, stock exchanges are only open in Shanghai and Shenzhen. Joint-stock enterprises that measure up to the standards of being listed in the stock exchanges outside Shanghai and Shenzhen can have their shares traded in either of these stock exchanges with the approval of the Securities Management Office of the State Council.

Various localities must earnestly and conscientiously carry out the pertinent rules laid down by the State Council. When starting a pilot scheme of issuing shares openly to the general public in other localities, the action must come into line with the unified arrangements made by the State Commission for Restructuring the Economy and the People's Bank of China. Henceforth, serious action will be taken against those who openly issue shares to the general public in violation of the regulations the state has promulgated.

[Wang Qingxian] In the pilot schemes of adopting the joint-stock system, what should be done to ensure that the steps and methods are proper and that good results can be achieved?

[Official] At present, efforts will be made to do a good job in the following aspects:

First, the pressing task for the moment is to promulgate a whole set of documents concerning the pilot schemes of

the joint-stock system. According to the requirements of the State Council, the departments, headed by the State Commission for Restructuring the Economy, are working out concrete methods of securities management.

Second, organizing the training of personnel in a well-planned way, popularizing the knowledge about the joint-stock system, improving the propaganda work in this field, and actively and properly promoting the work of the enterprises involved in the pilot schemes of the joint-stock system.

Third, doing down-to-earth preparatory work for the pilot schemes of the joint-stock system, such as delimiting property rights, evaluating assets, transforming the financial and accounting system, and arranging legal guarantees.

Fourth, the State Commission for Restructuring the Economy and the economic restructuring departments in localities should conscientiously and properly guide the pilot schemes in light of the relevant documents, study new things and new issues, and submit timely reports about major issues to the upper authorities. According to the experience gained from the pilot schemes, we should actively promote and improve the form of the joint-stock system with shares being held by legal persons. The pilot schemes with shares being held by workers inside the joint-stock enterprises must operate strictly according to the pertinent regulations, and the share certificates must not be circulated in society and their transfer must be prohibited for a certain period. The pilot schemes with shares being issued openly to the general public or being listed in stock exchanges must be brought under strict control.

Fifth, in order to correctly guide individual investment and to disperse investment risks, the State Commission for Restructuring the Economy, together with other appropriate departments, are studying the issue of establishing the "Cooperative Investment Foundation," and are intensively formulating the corresponding management methods, thus guaranteeing the normal growth of the securities market and the legitimate rights and interests of shareholders.

Regulations on Forming Joint-Stock Enterprises

OW1107132492 Beijing XINHUA Domestic Service
in Chinese 0252 GMT 6 Jul 92

[“Provisional Regulations On the Macroeconomic Control of Experimental Joint-Stock Enterprises”]

[Text] Beijing, 6 Jul (XINHUA)—Planning departments at all levels must actively participate and support work related to experimentation with joint-stock enterprises; must do a good job with the overall program to form and experiment with joint-stock enterprises; and must voluntarily change their functions and improve their macroeconomic control methods in order to ensure the smooth progress during the course of forming and experimenting with joint-stock enterprises.

1. In accordance with the state industrial policy and the principle to allow and encourage the proper development of other economic sectors—with public ownership being dominant—the state shall provide guidance, according to classification, for forming and experimenting with joint-stock enterprises based on different industrial sectors and different economic categories.

Industries involving state security, sophisticated national defense technology, and the mining of rare metals with strategic significance, as well as enterprises and industries that ought to come under state monopoly, shall not experiment with the joint-stock system.

Energy, transportation, telecommunications, and other highly monopolistic industries, earmarked as key development projects in the state industrial policy, may undertake experiments with the joint-stock system; but shares under public ownership should hold a controlling interest in the enterprises of these industries.

Highly competitive industries that are allowed and encouraged under the state industrial policy, especially capital and technology intensive industries or industries requiring economy of scale, are encouraged to experiment with the joint-stock system; the state may acquire shares or a controlling interest as it deems fit.

Foreign capital is welcomed and encouraged in order to acquire shares or to form joint-stock enterprises in the category of industries, as announced by the state, that allow investment by foreign businessmen. But industries that under state laws and administrative regulations are prohibited from being invested in by foreign businessmen shall not establish joint-stock enterprises with shares held by foreign capital.

2. New joint-venture construction projects and projects involving the reorganization and expansion of state-run enterprises may be allowed to establish joint-stock enterprises upon approval by the planning and economic restructuring departments empowered to examine and approve such projects.

Applications to form a joint-stock construction enterprise, jointly submitted according to relevant provisions with a letter of proposal for a construction project, will be approved according to the stipulated procedure after approval by the planning and economic restructuring departments. During the course of construction, it is permissible to apply for shares to raise construction capital, according to the formation plan and relevant provisions. The board of directors—namely the owner of the construction project—is responsible for preparing the feasibility study for the construction project as well as for organizing the project's construction and the enterprise's production and operation. The owner responsibility system will be implemented throughout the entire process.

Based on the principle of separating administration from business, the central and local governments may appoint

specialized state investment companies and local investment companies to act as the main vehicles for investing in shares of joint-stock construction enterprises, and to nominate the directors.

If a construction project is halted, postponed, or canceled, it should be reported to the organization approving the project in order to seek permission for dissolving the board of directors or canceling the license. The investing sides shall shoulder all losses incurred, and the board of directors shall be responsible for handling all matters related to winding up the project.

Based on the principle of "he who invests benefits", investors of joint-stock construction enterprises share profits according to their shares.

Detailed regulations governing the operation of joint-stock construction enterprises are to be based on the "Provisional Regulations Governing the Experimental Joint-Stock System for Construction Projects" which was established by the State Planning Commission and the State Commission for Restructuring the Economy.

3. With approval, state-run enterprises may be reorganized as joint-stock enterprises. State-run enterprises that are tasked to fulfill the state's mandatory production plans, and enterprise groups that are given provincial-level economic powers, should properly carry out their mandatory production tasks before they are reorganized as joint-stock enterprises. Specific reorganization plans are to be approved by responsible departments for economic restructuring and by planning departments.

Plans for reorganizing projects and enterprises funded by loans from outside the country are to be approved by concerned departments and organs that originally approved the establishment of the projects and enterprises.

Established Sino-foreign co-invested enterprises should receive approval from concerned departments and organs that originally approved the establishment of the enterprises before they are reorganized as joint-stock enterprises. The portions that were originally invested in by foreign companies are not to be transferred into A-type shares; transfer of shares from these portions can only be done as B-type shares among foreign, Hong Kong, Macao, and Taiwan investors.

4. Production management and business dealings of joint-stock enterprises are to be decided by the enterprises themselves according to market demands, but are subject to national economic planning and relevant laws and regulations. The state exercises only necessary macroeconomic control over these enterprises, mainly through establishing and implementing macroeconomic policies and planning directives.

Joint-stock enterprises reorganized from enterprises that were tasked to fulfill the state's mandatory production plans have an obligation to give priority to fulfilling the state's production plans, which the state will provide to

them in the form of production orders, to gradually replace the state's mandatory production plans.

Hiring and internal wage distribution of joint-stock enterprises are to be decided by enterprises themselves. As regards joint-stock enterprises' gradually abolishing wage planning guidance, the state will only exercise indirect regulation and control mainly through implementing employment and income distribution policies.

Fixed-asset investment activities of joint-stock enterprises under the guidance of the state's industrial policy and the planning for individual trades will no longer need the state's approval if such activities do not require the state to provide funds and maintain a financial balance. Such investment activities are to be decided by enterprises themselves, and the investment responsibilities are to be assumed by themselves.

5. The state invests in enterprises as state-owned property, mainly through the state's specialized investment companies in the form of buying and holding shares. The state's specialized investment companies are also responsible for recouping the profits yielded from shares in the form of state-owned property, and for investing these profits in the state's key projects. Detailed regulations for this will be established separately.

6. The state will strengthen management of the scale and structure of stocks issued and marketed by joint-stock enterprises in order to unify planning and bring about an overall balance of the scale and structure of stocks.

[Signed] The State Planning Commission; the State Commission for Restructuring the Economy

[Dated] 15 June 1992

Land Bureau Head Describes 3-Step Reform to 1995

HK0607125192 Beijing RENMIN RIBAO in Chinese
25 Jun 92 p 2

[Article by staff reporter Jiang Yaping (5592 0068 1627): "Intensify Reform, Develop Land Market—Interviewing Wang Xianjin, Director of the State Land Administration Bureau"]

[Text] The second "Land Day" in our country fell on 25 June 1992. This reporter recently conducted an interview with Wang Xianjin, director of the State Land Administration Bureau, who talked about the reform of the system of use of land, and the development and improvement of the real estate market in our country.

Three-Phase Process in Eighth Five-Year Plan Period

[Jiang Yaping] Our country's land management work has changed from the past pattern of only managing resources to equal emphasis on managing assets. This is a major breakthrough in theory and practice. Up to now, what is the main progress in this area?

[Wang Xianjin] To properly manage and use the huge land resources, the core is to promote reform of the system of use of land. The main contents of this reform are: Changing the system whereby land is used for an indefinite period both free of charge and without being circulated to a system in which land is used for a limited period, the use of land is compensated, and land is subject to circulation; separating land ownership from the right to use it; strengthening land ownership; making the leasing of state-owned land a government monopoly; invigorating land use rights and permitting land to circulate as a commodity in the market; and developing and perfecting the real estate market.

[Jiang] Judging from the current situation, the time is ripe for increasing the weight of reform of the land use system. What are the plans of the State Land Administration Bureau, which is the department overseeing state-owned land?

[Wang] The basic principle of reform is to proceed from reality, and we cannot resort to the cutting-across-the-board method. However, judging from the current tendency of development and from the experiences we have summed up in our work, we think that in the Eighth Five-Year Plan period, the reform of the system of use of land can be a three-phase process. In the first phase, Shenzhen, Zhuhai, Xiamen, Shantou, and Hainan must resolutely take the first step and make efforts to develop and perfect the real estate market so as to provide the whole country with experiences and to explore methods; in the second phase, the open cities along the coast, rivers, and borders, and the economic and technological development zones will lease land for a fee, and use the measure to foster an all-position reform in which a fee is charged for the use of land for residential purposes in the rural areas and by township and town enterprises, the right to use land can be transferred, and land can be mortgaged; in the third phase, the interior will carry out reform. The places with the right conditions may experiment in leasing and in the transfer of land in urban areas, but the key effort should be made in rectifying the spontaneous land market. At the same time, they may engage in the compensated use of land for residential purposes and by township and town enterprises as a breakthrough point to promote the overall compensated use of land step by step.

At present, the reform of the system of use of state-owned land in cities is, finally, to develop and perfect the real estate market as soon as possible. In the next 10 years, the real estate business will rapidly become one of the main businesses supporting rapid national economic development in our country; therefore, the building of a highly efficient and flexible real estate market is very important. A real estate market involves many aspects and, judging from the current situation, it can be easily run if the leasing and transferring of the right to use land is grasped well. In this area, the country has acquired some mature experiences, for example, Shenzhen's land management model, Zhuhai's "five standardizations," and Fuzhou's transformation of old cities should be

promoted. We now advocate bold advancement and experiment. The reform of the system of use of land has been proved completely successful in the recent round of "advancement" and "experiment," and we should feel free to quicken our pace.

Rectify the "Invisible Land Market"

[Jiang] People have a feeling that the phenomenon of various kinds of buying, selling, and renting of land in disguised form is very serious, and that in cities, the units that have occupied large areas of land without paying any fee have in fact become the rich men who rely on land to make a profit. How are we going to tackle this problem?

[Wang] This is a sort of invisible land market. Speaking objectively, this kind of "deal" sometimes can play a role in adjusting the structure of use of land and rationally arranging resources. However, the biggest problem is that a large amount of land rent that should be paid to the state has been lost. It is precisely because of this that we have decided that rectification and improvement of the invisible land market will be our main task for the next two years.

To properly solve this problem, we must grasp two points: First, we must reduce the traditional method of unpaid administrative transfer of land to a minimum. At present, the land which can be leased lawfully accounts for only 1 percent of the total supply of land, and 99 percent of the land is still being supplied by the transfer method. Looking at it from this angle, we cannot overestimate the result of the reform of the land use system. Such a large quantity of land that continues to be transferred for use will certainly create a series of problems in the future. Second, we must strictly enforce regulations. For land that has been acquired by way of transfer, a land lease fee must be paid to the government

when it is transferred or rented. According to estimates, at present, spontaneous land deals nationwide number 5 million cases each year, and each year the state loses some 50 billion yuan in land rent, which is a large amount. Because rectification of the invisible land market will involve vested interests and a vast area, this kind of reform is very difficult and complicated and we must adhere to overall planning and proceed actively and steadily. The provinces and cities that have already started experiments must expand them; those that have yet to start must start as soon as possible.

Several Problems Merit our Attention

[Jiang] What should we watch out for when we develop and perfect the real estate market?

[Wang] The most important thing is to do things according to the principles of Order No. 55 issued by the State Council. The first-grade land market, namely, the transfer of state-owned land, must be highly monopolized by the government, under the monopoly of representatives of property rights, namely land administrative departments, in selling and administration, while land must be reasonably valued with prices fixed according to industrial policy. Leasing must be properly managed, transfer must be invigorated, and land transfer must be protected and promoted according to the law. We must study the relations between land use reform and housing reform, and between land prices and housing prices in order to develop a method that can really promote housing reform. In addition, we must strengthen the grass-roots work in real estate business and the building of service organizations; we must expedite land survey in cities, issuance of certificates, assessment of urban land for classification into different grades, and valuation work; and we must diligently improve the professional quality of land management personnel, and expedite the training of professionals.

East Region

Fujian Secretary Reveals Development Plan

HK1307135992 Hong Kong TA KUNG PAO
in Chinese 1 Jul 92 p 2

[“Special article” by Chang Yu-chung (1728 3768 6988) and Yeh Tzu (0673 1311); “Interviewing Fujian Provincial Party Secretary Chen Guangyi on Speeding Up Reform, Opening up”]

[Text] At a time when cadres at all levels and people from all walks of life in Fujian Province are conscientiously studying and implementing the spirit of Deng Xiaoping’s southern-tour remarks, Chen Guangyi, secretary of the Fujian CPC committee, said in an interview that at present, the leadership and rank and file in Fujian are seizing the opportunity to further emancipate their minds, accelerate the pace of reform and opening up, and strive to develop Fujian’s economy better and faster. This has become the theme for various types of work in our province.

Formulating 48 Measures

He said: We have set forth a goal for the coming decade, which is to quadruple Fujian’s GNP as early as 1994 and increase it by 800 percent by 2000 at an annual growth rate of over 11 percent. We also anticipate that the process of opening up to the outside world will further form a new pattern in which “northern and southern areas will expand, central areas will blossom, stretches of land will develop, and mountainous and coastal areas will cooperate with each other to develop together.” To speed up the pace of opening up, the provincial party committee and the provincial government formulated 27 policies and measures early this year and recently drew up an economic development strategy for the whole province. Moreover, 48 measures for accelerating reform and opening up will be introduced soon.

Chen Guangyi expounded: In general, first of all, coastal areas must give full play to their existing foundations to speed up development and link with the international economy. The Xiamen Special Economic Region [SEZ] must implement certain free-port policies and Fuzhou must accelerate the construction of key areas, such as an economic and technological development area, the Yuanhong investment area, a scientific and high-technology area, a bonded zone, and the development of stretches of land along rivers and the coast. Xiamen and Fuzhou must strive to catch up with or come close to the development level of Asia’s “four little dragons.” Focusing on the development of a port and new types of industries, Meizhou Wan is gradually developing into a rising comprehensive port city. Policies adopted in SEZ’s should be applied to some coastal areas, projects should be undertaken to promote development, and the ultimate aim is to realize extraordinary development.

Encouraging Foreign Businessmen To Lease Islands, Farms, Tree Farms, and Fishery Grounds for Development

Second is to set up opening up belts “along interprovincial borders, railway lines, and rivers” to bring about the full-scale opening up of the whole province. Policies adopted in economically opened up coastal areas should be applied to interior mountainous areas; greater authority in economic administration should be delegated to counties along interprovincial borders; development areas and experimental areas with individual characteristics should be established in cities and counties along railway lines; areas along the Mian Jiang and Sai Jiang should be opened up step by step; and more favorable terms should be granted to foreign-invested projects initiated in mountainous areas.

Third is to bring the superiority of access to Overseas Chinese, Hong Kong, and Taiwanese investment to expand foreign economic and trade cooperation and exchanges; to continuously take various forms to encourage foreign investment in infrastructure construction, the operation of tertiary industry, and the development and management of stretches of land; and to make good plans for the Mian Jiang, Meizhou Wan, Quanzhou Wan, and the estuary of the Jialong Jiang and to attract investment and develop stretches of land on a larger scale. Thirty isles or promontories, farms, tree farms, and fishery grounds will be set aside to allow foreign businessmen to lease them for development. During the Eighth Five-Year Plan, foreign investment actually utilized must exceed \$5 billion. We will implement a market diversification strategy and vigorously take part in international exchanges and competition. It is hoped that every county along the coast will have its own leading industry capable of earning foreign exchange through exports and that every county in the interior areas will have its own key products capable of entering the international market, thus enabling the province’s exports to reach \$6 billion by 1995. We will further expand economic and trade cooperation between Fujian and Taiwan, improve the Taiwan investment area and the Fujian-Taiwan experimental agricultural area, and strive to make great progress in running large projects.

Drawing Up Policy Documents

Chen Guangyi said to these reporters: Starting from early this year, and inspired by the spirit of Deng Xiaoping’s southern-tour remarks, the whole province’s development trend of reform and opening up has been very encouraging. The state has allowed our province to set up the Fuqing Yuanhong investment area, which is the largest at present, and the Xiamen and Mawei bonded zones; to set up the Fuzhou Foreign Investment Bank; to initiate the construction of Changde International Airport; and granted us more favorable policies. The provincial CPC committee and the provincial government have drawn up 15 relevant decisions and policy documents in a row and went down to the grassroots units to give individual guidance and implement them in a

down-to-earth manner. Meanwhile, we hold to the principle of promoting opening up through in-depth reform and have introduced a series of corresponding reform measures. The key is to accomplish the transformation of the enterprise operating mechanism, and at the same time, do well in establishing and perfecting a social labor insurance system and in fostering and developing a market system.

He pointed out: In the first five months of this year, Fujian has had a good trend of economic development, its pace of development was markedly sped up, and its utilization of foreign investment increased enormously. Both gross industrial output value and public revenues increased by 20.2 percent; 718 new foreign-invested contracts with a total investment of \$1.58 billion were signed, of which \$508 million was actually utilized, registering growth of 300 percent; and exports increased by 42.3 percent. All these were the best results ever for Fujian.

To sum up, Chen Guangyi said: We must further improve our work, continue to make as many new friends as possible and to develop close relations with old friends; hold to the principle that "projects of all scales will be started and friends from Hong Kong, Macao, Overseas Chinese communities, Taiwan, and foreign countries are most welcome" to come to Fujian for sightseeing, travelling, and economic and trade cooperation.

Insurance Firm Aids Jiangxi Flood Relief Effort

OW1307090292 Beijing XINHUA in English
0817 GMT 13 Jul 92

[Text] Beijing, July 13 (XINHUA)—The People's Insurance Company of China (PICC) plans to pay 150 million yuan (27.7 million U.S. dollars) in compensation to flood victims in east China's Jiangxi Province to cover losses during recent flooding.

General manager Li Yumin said that PICC has also decided to donate one million yuan to relief work in Jiangxi.

According to Vice Governor Sun Xiyue, Jiangxi Province suffered an economic loss of over three billion yuan during the flooding which hit the province in late June and early July.

Sun said that more than nine million people in 84 counties and cities have been affected by the flooding which continues to cause heavy losses.

"It's difficult to conduct the relief effort by depending solely on the strength of the provincial government," said Sun, while calling for additional economic aid from other regions and sources in order to help Jiangxi residents overcome difficulties.

Shandong Records Increased Industrial Production

OW1307123092 Beijing XINHUA in English
1224 GMT 13 Jul 92

[Text] Jinan, July 13 (XINHUA)—East China's Shandong Province recorded a rapid increase in industrial production and increased economic efficiency during the first half of 1992, in line with the deepening of reform and the transformation of more enterprises to market competition.

The province's industrial sales value and total industrial output value at or above the township level increased by 22.1 percent and 20.8 percent, respectively, over the corresponding period for 1991.

As part of an effort to encourage more enterprises engage in market competition, the Shandong provincial government instituted a series of policies directing enterprises to implement reforms in the utilization of personnel and the distribution of wages. At the same time, various provincial departments granted decision-making power to enterprises in order to enhance the transfer of internal management mechanisms.

The profits of budgeted state enterprises increased by 70.7 percent, while pre-tax profits increased by 34.8 percent compared with the first six months of 1991.

Technology Market Said 'Vigorous' in Shanghai

OW1307040592 Beijing XINHUA in English
0325 GMT 13 Jul 92

[Text] Shanghai, July 13 (XINHUA)—Trading in scientific and technical research results is becoming ever more vigorous in Shanghai, the leading municipality of China.

Statistics show that during the first six months of this year the transaction volume reached 627 million yuan, 22.7 percent more than in the same period of 1991. The trading involves almost 15,000 items of technical research findings.

As an old industrial city, Shanghai has ideal conditions for absorbing advanced technology. In the past decade township and collectively run enterprises were the major buyers of such items. But now large state-owned enterprises are seeking more products on the technical market. In addition, they have also begun to sell technology.

With the upgrading of technical research, the items on sale have also become more expensive, with the individual contract value on average reaching 100,000 yuan, some 40 percent more than in the corresponding period of last year.

Experts said that the deepening of the country's economic reforms, the introduction of the market system and more flexible policies have promoted the market.

Since the beginning of this year local authorities have further adjusted relevant policies governing technical

transfer. This has led to a closer link between the application of scientific research findings and profit for the developers.

As a result, researchers and scientists are more active in developing new technology programs and more keen on their application.

Zhejiang Industrial Production Grows Steadily

OW1307094992 Beijing XINHUA in English
0931 GMT 13 Jul 92

[Text] Hangzhou, July 13 (XINHUA)—Industrial production in east China's Zhejiang Province maintained steady and swift growth during the first half of 1992.

The province's output value for light industry increased by 23.5 percent, while that of heavy industry increased by 29.9 percent, over last year's same period.

Increases in output were reported for some 72 of 89 types of industrial products.

State enterprises in the province realized a 15 percent increase in pre-tax profits over last year's same period and, by the end of June, the number of state enterprises operating at a loss dropped by 84. [as received]

In addition, 92.9 percent of the industrial products produced by enterprises at and above the township level were successfully marketed, and the export volume of industrial products increased by 33.7 percent over the same period of 1991.

Zhejiang Economic Newspaper Starts Up

OW0607144192 Hangzhou ZHEJIANG RIBAO
in Chinese 29 Jul 92 p 1

[“ZHEJIANG JINGJI BAO Will Be Inaugurated 1 July”]

[Text] “ZHEJIANG JINGJI BAO” [Zhejiang Economic Paper] will be formally inaugurated on 1 July. Comrade Chen Yun wrote the name of the paper for its masthead.

The provincial level comprehensive economic newspaper will be administered by the Zhejiang Provincial People's Government and run by the Zhejiang Branch of the XINHUA News Agency. It will carry economic news of Zhejiang Province, and will be geared to the need of the entire province, the entire country, and the regions outside mainland China. The paper will for the time being be published once a week this year.

Central-South Region

Henan Railway Security Bureau Combats Crimes

HK1407075092 Hong Kong WEN WEI PO
in Chinese 6 Jul 92 p 4

[By staff reporter: “Zhengzhou Railway Public Security Section Cracks Over 100 Criminal Gangs”]

[Text] Beijing, 6 Jul (WEN WEI PO)—In the two months of May and June, the Zhengzhou Railway Public Security Bureau cracked down on robbery and other crimes occurring on passenger trains, smashed 102 criminal gangs, and recovered stolen things with a total value of over 1.2 million yuan.

Beginning in May, the Zhengzhou Railway Public Security Bureau assigned the police's first detachment to carry out security duties on passenger trains. They protected the security of more than 200 trains passing through the area under the railway bureau's jurisdiction around the clock every day. The stations and the security outposts along the railway lines also took security measures and act in unison, thus effectively safeguarding the life and property safety of passengers.

French Defense Minister Visits Hainan

HK1407031192 Haikou Hainan People's Radio Network
in Mandarin 2300 GMT 30 Jun 92

[Text] Du Qinlin, provincial party committee deputy secretary, received visiting former French Defense Minister Jean-Pierre Chevenement in (Qiongyuan) Guest House's (Haifeng) Hall yesterday afternoon and had a cordial and friendly conversation with him.

At the invitation of the China Association for International Understanding, Mr. Chevenement and his wife came to China for a visit. They arrived in Haikou on 30 June.

During the reception, Du Qinglin briefed the guests on Hainan's natural resources, infrastructure, investment policy, and economic development.

Chevenement was surprised at developments in Haikou and said he would tell his friends about developments in Hainan when he returned home.

While in Hainan, Mr. Chevenement will visit some localities outside Haikou.

Attending the reception were Miao Enlu, vice chairman of the provincial people's congress standing committee, and persons in charge of the provincial foreign affairs office and provincial restructuring of the economic system office.

Hainan Secretary Addresses Anniversary Forum

HK1407012492 Haikou Hainan People's Radio Network
in Mandarin 2300 GMT 30 Jun 92

[Text] This morning, the provincial party committee held a forum to mark the 71st founding anniversary of the CPC.

Attending the forum were representatives of veteran party members, outstanding party members, personnel in charge of party affairs, representatives of basic-level party organizations, representatives of party organizations of offices directly under the provincial party committee and government, and representatives of party organizations of various cities and counties.

Provincial party committee standing committee members and provincial Chinese People's Political Consultative Conference leaders Deng Hongxun, (Du Qinlin), Yao Wenxu, Bao Keming, Wei Zefang, Li Zhimin, and others were also present.

In their speeches, representatives reviewed the party's glorious history of struggle and expressed determination to carry on the party's revolutionary tradition and write a new chapter of local history. They said they would deepen their understanding of the spirit of the speeches made by Comrade Deng Xiaoping during his south China tour, implement the spirit in light of Hainan's actual conditions, open up new prospects for Hainan's reform and opening, and greet the 14th CPC National Congress with deeds.

Provincial party committee Secretary Deng Hongxun gave an important speech. On behalf of the provincial party committee, he extended cordial regards to all party members and personnel in charge of party affairs who work on all fronts throughout the province.

Comrade Deng Hongxun reviewed the party's history of struggle and the achievements made by Hainan since it implemented the reform and open policies and set up the special economic zone. He specially stressed the need to study well the spirit of the speeches made by Deng Xiaoping during his south China tour and to seize the favorable opportunity to make a success of Hainan's tasks.

In his speech Comrade Deng Hongxun called on party members and people throughout the province to adopt a new attitude to greet the arrival of a high tide of construction in Hainan. At present, they are required to do a good job of the following:

1. Party committees at all levels must conscientiously organize party members and the masses to study Comrade Deng Xiaoping's speeches to master the essence, seize the opportune moment to expedite Hainan's reform and opening, update their concepts, constantly explore new ways, and serve as promoters of reform and opening.
2. Adhere to the correct orientation, carry forward the party's fine tradition, and study culture and technology, including advanced technology and expertise found in capitalist countries.
3. The large number of party-member cadres must take the lead in improving their work style, raise work efficiency, serve the people heart and soul, and set an example of performing their official duties honestly and industriously.

Southwest Region

Guizhou Leaders Brief State Council Work Team

HK1307094792 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 2 Jul 92

[Excerpts] On 2 July, a work team headed by Yang Zhong, deputy chief of the State Council Leading Group for

Assisting Poor Areas and director of the State Council Office for Assisting and Developing Poor Areas, arrived in our province to inspect work of assisting poor areas.

Provincial party committee Secretary Liu Zhengwei, provincial Governor Wang Chaowen, and some other provincial leading comrades briefed the work team on Guizhou's work of assisting and developing poor areas.

The State Council has decided to shift the focus of the work of assisting poor areas to Yunnan and Guizhou and adopt preferential policies toward major poor areas during the Eighth Five-Year Plan. The State Council even sponsored a special class in Guizhou last May, which trained more than 100 leading cadres for various poor areas across the province. This time, the purpose of dispatching a work team headed by Comrade Yang Zhong to Guizhou is threefold:

1. To help tackle a fund shortage problem;
2. To strive for more economic efficiency in assisting and developing poor areas;
3. To speed up farmland capital construction and make preliminary preparations for the State Council to implement preferential policies to Guizhou on an omnidirectional scale in the foreseeable future. [passage omitted]

At a provincial report meeting on work of assisting poor areas, which was convoked on 2 July, Xu Qizhi, deputy director of the provincial office for assisting and developing poor areas, reported on Guizhou's work of assisting poor areas during the Seventh Five-Year Plan. [passage omitted]

Liang Minze, provincial party committee deputy secretary, and provincial Vice Governor Wang Anze, as well as some other provincial leaders, also attended the report meeting.

Activities of Sichuan's Yang Rudai Reported

Addresses Commemorative Forum

HK0807111692 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 29 Jun 92

[Text] The Sichuan Provincial CPC Committee held a forum yesterday afternoon to commemorate the 71st anniversary of the CPC founding.

Yang Rudai, secretary of the Sichuan Provincial CPC Committee, delivered an important speech at the forum.

After reviewing new situations emerging in the course of both nationwide and provincewide reform and opening up, Comrade Yang Rudai called on all Communist Party members and especially party-member leading cadres across the province to acquire a clear understanding of both the current situation and the important mission they are shouldering so as to consciously throw themselves into the big tide of reform, opening up, and economic construction; stand in the forefront of reform,

opening up, and economic construction; and play a vanguard role in the course of reform, opening up, and economic construction.

Comrade Yang Rudai pointed out: The fundamental cause behind Sichuan's backwardness with regard to reform and opening up in comparison with various coastal areas is the insufficient ideological emancipation and a fear on the part of the Sichuan comrades of capitalist phenomena diverting Sichuan onto an erroneous course. Under the socialist conditions, we should boldly implement all those policies, measures, and methods which are conducive to social productive forces' development, reform, opening up, and economic construction. We should not bind ourselves with such abstract concepts as socialism or capitalism.

Comrade Yang Rudai called on leading organs, Communist Party members, and especially party-member leading cadres at all levels across the province to take the lead in overcoming formalism and bureaucratism. He maintained: All party members and cadres in various trades, professions, and departments must firmly adhere to economic construction as the center, firmly cultivate a mentality of serving economic construction, opening up, and the masses; prevent and overcome departmentalism and individualism by proceeding from the overall interests; actively support the ongoing government institutional reform; play a vanguard and exemplary role in the ongoing institutional reform; make painstaking efforts to learn skills and knowledge needed by reform, opening up, and economic construction; strengthen the party spirit; and withstand the test of reform, opening up, and commodity economic development.

Nie Ronggui and Feng Yuanwei, provincial party committee deputy secretaries; Qin Yuqin and Yang Chonghui, provincial party committee standing committee members; Xu Mengxia, provincial advisory committee chairman; Central Advisory Commission members Li Dazhong and Tian Bao; former Central Advisory Commission member Zhang Yuqin; and some other leading comrades attended the forum.

The forum was also attended by 43 representatives of outstanding Communist Party members from various provincial fronts as well as various grassroots party organizations across the province. They held heated discussions on how the Communist Party members should play a vanguard and exemplary role in the course of reform, opening up, and economic construction.

Qin Yuqin, provincial party committee standing committee member and organization department director, presided over the forum.

Inspects East, Three Gorges

OW1307222892 Chengdu Sichuan Television Network
in Mandarin 1145 GMT 13 Jul 92

[From the "Sichuan News" program]

[Text] While conducting an investigation tour in eastern Sichuan recently, Yang Rudai, secretary of the Sichuan provincial party committee, said that, to speed up eastern Sichuan's economic development and revitalize eastern Sichuan, people should continue to emancipate their minds and combine the resettlement of people displaced from the Three Gorges Project with the provincial party committee's one-front-two-basin development strategy. [video shows Yang Rudai talking to local officials and studying a map for the Three Gorges Project]

Yang Rudai conducted the investigation tour in Liangping, Wanxian City, and Kaixian County from 5 through 10 July. [video shows Yang and local officials walking in corn fields and inspecting some areas by a river] Braving the sweltering summer heat, Yang Rudai conducted a detailed inspection of construction sites, including the one in Wanxian where a large highway bridge across the Chang Jiang will be built, the site of a factory which will produce 60,000 tonnes of caustic soda a year when completed, the site of a factory which will produce 300,000 tonnes of (?salt) a year by means of vacuum manufacturing technology, and areas in Wanxian which will be submerged upon the completion of the Three Gorges Project. He listened attentively to briefings given by prefectural and city leaders. [video shows Yang studying a diagram on the caustic soda plant and touring an incomplete plant with huge pipes]

Comrade Yang Rudai said: Ever since the provincial party committee put forward the one-front-two-basin development strategy, people working on the front in western Sichuan have been making relatively fast progress. Certain projects are already yielding initial results. The campaign launched in eastern Sichuan now faces an excellent opportunity provided by the Three Gorges Project, which will soon be launched. Moreover, eastern Sichuan is in the middle of the Changjiang Economic Open Belt which, like a dragon, has Pudong as its head and Chongqing as its tail. An opportunity such as this is extremely rare. The first and foremost requirement now is that we must continue to emancipate our minds. Leaders at various levels should change their mind sets according to the guidelines in the talks which Comrade Deng Xiaoping made during his recent inspection in southern China. They should thoroughly do away with their conservative mentality of doing everything according to the book. When we have emancipated our minds, we will be able to see the broad roads ahead and the many more ways we can follow. Like the open areas along the coast, we should take advantage of all policies which the central authorities have approved. Once we have set our goals, we should boldly strive to achieve them, even if it means that there will be some risks.

Comrade Yang Rudai stressed: The resettlement of people displaced from the site of the Three Gorges Project must be handled according to relevant principles set out by the central authorities. Resettlement projects should go hand in hand with efforts to make eastern Sichuan even more prosperous. Resettlement projects

should be enhanced by the development of resources. We should take advantage of the support from various central departments and from various provinces and municipalities and act as quickly as possible to accelerate the development of communications, telecommunications, energy, and raw and semi-finished materials. We should create a good investment environment so that we can bring in more investment from abroad and other parts of the country. [video shows buildings and construction projects in an industrial complex]

Comrade Yang Rudai stressed: Areas along the Chang Jiang designated to receive resettlers must support the Three Gorges Project with action by improving leadership, reinforcing administrative organs, and resettling people properly and earnestly.

While visiting eastern Sichuan, Comrade Yang Rudai also had discussions with members of a group set up by the Chinese Academy of Sciences [CAS] to study water and soil conservation in the Three Gorges area concerning the resettlement of people displaced by the construction of the Three Gorges Dam. [video shows Yang Rudai having a discussion session with CAS scientists and technicians]

Tibetan Official Stresses Socialist Education

OW1307054192 Lhasa Tibet Television Network in Mandarin 1200 GMT 12 Jul 92

[Announcer-read video report; from the "Tibet News" program]

[Text] The regional party committee held a meeting of senior officials of organs directly under the autonomous region on the afternoon of 8 July to review work of conducting socialist education in the first group of localities and to map out arrangements for the second group.

Zhang Xuezhong, deputy secretary of the regional party committee; Feng Jun, standing committee member of the regional party committee; and Gong Daxi, vice chairman of the autonomous region, attended the meeting.

Deputy secretary Zhang Xuezhong, who is the head of the regional leading group for socialist education, spoke at the meeting. He said: Socialist education was conducted in 36 counties and 441 towns and townships across the region by 447 work teams consisting of 4,477 cadres at all levels. The work teams successfully accomplished the three tasks and accumulated many useful experiences in educating hundreds of thousands of households, transmitting the kind concern from the party and the government to the hearts of large numbers of peasants and herdsmen, and winning universal praise and sincere appreciation from peasants, herdsmen, and grass-roots cadres at large.

Zhang Xuezhong said: Following the publication of Comrade Xiaoping's important talks made during his

tour to the south, we have further clarified the guidelines for socialist education, put forward a demand for permeating the entire process of education with Comrade Xiaoping's talks, and emphasized that economic construction and comprehensive fulfillment of the three tasks must be the focus of education. Work teams at various levels conducted extensive and in-depth publicity and education, focusing on the essence of Comrade Xiaoping's talks. Through socialist education, peasants and herdsmen have increased their confidence in reform and opening up, and large numbers of party members, grass-roots cadres, peasants, and herdsmen have become aware of the reason that the party's basic line will remain unchanged for 100 years. As a result of socialist education, agricultural and animal husbandry production has thrived; construction of grass-roots organizations with party branches as the nuclei has intensified; and a constantly progressing and perfecting contingent of socialist education workers has taken shape. Socialist education has also provided a good opportunity for training and evaluating cadres and promoting many talented ones. Moreover, socialist education has been appreciated by peasants and herdsmen because it has helped solve some practical problems of the people and forged closer ties between the party and the masses and between cadres and common people.

Comrade Zhang Xuezhong put forward five tasks for conducting socialist education in the second group of localities: 1) It is necessary to thoroughly study and implement Comrade Xiaoping's important talks and raise the quality of socialist education to new heights. All work teams should publicize Comrade Xiaoping's talks, as well as promote reform, opening up, and vigorous economic development in farming and pastoral areas. The deepening of reform and acceleration of economic development in farming and pastoral areas should be the starting point as well as the ultimate goal of socialist education. 2) It is necessary to comprehensively fulfill the three tasks of socialist education. All work teams must adhere to the main ideological line in conducting ideological education in work from all fields; they must carry out educational activities focused on the central task of economic construction; and they must also intensify the construction of grass-roots organizations with party branches as the nuclei. 3) It is necessary to target education toward party members, grass-roots cadres, and young people, and effectively promote the construction of grass-roots organizations with party branches as the nuclei. Efforts must be made to improve quality and strengthen the ranks of party members in farming and pastoral areas. Efforts must also be made to discover and train reserve cadres so as to set up a permanent contingent of socialist education workers. 4) It is necessary to actively conduct investigative studies and strive to solve practical problems for the masses. 5) It is necessary to earnestly improve the quality of socialist education work teams, which is the key to successful socialist education. Work teams at all levels must strictly observe discipline and foster a wholesome image.

In conclusion, Zhang Xuezong urged all departments, prefectures, and cities directly under the autonomous region to attach great importance to socialist education and include it as an important item on their agenda. They should further mobilize and organize forces in various circles to actively carry out socialist education. They should also guarantee the quality of cadres being dispatched to conduct socialist education. Leaders at various levels should set good examples and concern themselves with and support socialist education by demonstrating a high degree of awareness, a sense of responsibility, and political zeal. It is necessary to carry forward good ideas and good work styles of conducting socialist education in the first group of localities for ensuring a good job is done in conducting education in the second group of localities so as to greet the triumphant convocation of the 14th national party congress with outstanding accomplishments.

Yunnan's Pu Chaozhu on Faster Reform, Opening
*HK0907061392 Kunming Yunnan People's Radio
Network in Mandarin 1000 GMT 27 Jun 92*

[Text] When making a report to the seventh plenary session of the fifth provincial party committee this morning, provincial party committee Secretary Pu Chaozhu called on the large numbers of cadres and people in Kunming to eliminate misgivings, strengthen solidarity, and go all out to develop the economy and play a leading role in Yunnan's reform and opening and economic development.

Pu Chaozhu said: Kunming is Yunnan's only central city with complete facilities and is also a hot tourist attraction for foreign tourists. It will also be developed into an international trade center in southwest China. It has [words indistinct] and economic advantages which cannot be matched by other inland cities.

Kunming will play a major and decisive role in defining Yunnan's opening pattern. The provincial party committee and government have decided to transfer to Kunming City the powers granted to Yunnan by the CPC Central Committee and the State Council; set up three development zones and bonded warehouses; and introduce throughout Kunming the same policies as those applied in coastal areas to make Kunming the biggest open area in Yunnan.

Relevant policies have been laid down and, to make a success of reform and opening and economic construction, Kunming's cadres and people must close ranks, get rid of leftist and rightist influences, and concentrate on economic construction. The large numbers of party-member cadres should have the courage and resourcefulness needed for doing big things for the people and adopt the idea that achieving nothing amounts to making mistakes. Our cadres should not be content with things as they are but, rather, work hard to elevate the places where they work to new stages every few years.

When talking about ways for Kunming to quickly carry out the same preferential policies as those applied in coastal areas to expedite local economic development, Pu Chaozhu raised four specific points:

First, step up construction of the new and hi-tech development areas, economic development areas, and tourism and holiday areas. Kunming should help mountain areas shake off poverty and regards it as the first task in reform and opening to the outside world. In building up mountain areas we should make bold experiments in areas that need not be approved by the central authorities. We should gradually improve existing policies and delegate to development areas greater financial and administrative powers. In addition, we should apply specific policies to specific matters and different departments should join together to handle official business. We must run development areas properly at the speed and with the efficiency created in the preparations for the art festival.

Second, all enterprises in Kunming must introduce foreign funds and advanced technology in every way and utilize foreign funds and advanced technology including package design to upgrade Yunnan's products, to set up export-led enterprises, and to [words indistinct].

In introducing foreign funds and advanced technology, it is necessary to make sufficient and flexible use of policies granted by the central authorities. We should mobilize the masses to act as go-betweens. Those who succeed in introducing foreign funds will receive awards; the larger the amount of funds introduced, the bigger the prize.

Third, it is necessary to seize the favorable opportunity to develop the county-level economy, go all out to develop township and town enterprises, and integrate land and labor resources in rural areas with advanced technology in urban areas to promote development of township and town enterprises.

Fourth, efforts should be made to expand the market and to vigorously develop the tertiary industries to develop Kunming into a central wholesale city for farm produce, sideline products, local and special products, and manufactured goods. We should organize powerful contingents of salesmen to exploit markets in the north including the Shanbei areas, the CIS, and Eastern Europe, and markets in the south, including southeast Asia and south Asia. We should enliven the economy through improving circulation and give play to Kunming as a central city in diffusing technology to the hinterland.

In his report, Pu Chaozhu also stressed: The gist of the important speeches made by Comrade Deng Xiaoping during his south China tour, and of relevant central guidelines, is to seize the favorable opportunity to expedite economic development to elevate Yunnan's economy to a new stage every few years.

Currently, we should educate those comrades who say they are in favor of reform and opening but refuse to take action due to inner hesitation and fear of overheated

economic growth. Our reform is a revolution and aims at liberating and developing the productive forces. We must reform the existing system which hampers reform; set up new dynamic management systems for economics, science, technology, and education; commit enterprises to compete in the market; improve the enterprise operation and economic work through application of science and technology; send talented people to the forefront of production; and enhance the quality of the work force. Changing promotion education into quality education [as heard] is the central task for reform of the economic structure, of the management systems for science and technology and education, and reform of the personnel system. Smashing the three irons constitutes an important content of deepened reform. So long as we make up our minds to carry through our work in a down-to-earth manner, we will achieve results and elevate Yunnan's economic construction to a new stage.

North Region

Beijing Reports Increase in Jan-Jun Exports

OW1407102792 Beijing XINHUA in English
1009 GMT 14 Jul 92

[Text] Beijing, July 14 (XINHUA)—Beijing exported products valued at over 750 million U.S. dollars during the first six months of 1992, up 11.5 percent over last year's same period.

An official from the Beijing Municipal Commission for Foreign Economic Relations and Trade said primary export products include clothing, knitted goods, machinery and electronic products, arts and crafts, and steel products.

The official attributed the increased exports to the deepening reform being carried out by the city's import and export companies and enterprises, and the fact that such companies and enterprises have been granted more management autonomy.

The city has also drafted preferential policies to encourage more large- and medium-size state-owned enterprises and Sino-foreign joint ventures to export products using their own channels.

The export volume for enterprises with independent export rights amounted to 69.7 million U.S. dollars, up 25.9 percent for the same period, while the volume for Sino-foreign joint ventures reached 58.91 million U.S. dollars, up 48.4 percent.

The municipal government also encouraged city trade companies and enterprises to establish foreign branches in countries throughout the world, including those in Africa, Latin America, Southeast Asia, and Eastern Europe.

The effort to expand exports is also designed to attract more advanced foreign technology and equipment to the city for technical upgrades of outdated facilities. The city also

allocated over 100 million U.S. dollars during the first six months of the year to introduce 100 foreign projects.

Social Practice Work Planned for Beijing Students

OW1407084592 Beijing XINHUA in English
0810 GMT 14 Jul 92

[Text] Beijing, July 14 (XINHUA)—Universities and colleges in Beijing are organizing over 100,000 students to participate in social practice activities during the summer vacation.

According to today's "GUANGMING DAILY" [GUANGMING RIBAO], the goal of the activities is to let students gain additional insight into the present reform effort. The program will include over 30 investigative groups which will be formed to conduct investigative tours in coastal areas where implementation of opening to the outside world has progressed well. The areas will include Shenzhen, Zhuhai, Wenzhou, Shanghai, and Dalian.

The students will also form over 100 service teams which will offer consulting services and promote science and technological achievements, as well as arrange training classes for rural enterprises and farmers.

Beijing Reopening Churches, Temples

OW1407084392 Beijing XINHUA in English
0713 GMT 14 Jul 92

[Text] Beijing, July 14 (XINHUA)—The Beijing municipal government has extended great effort and achieved remarkable progress in enhancing implementation of religious policies in recent years.

Over the past decade, the city has reopened 92 temples and churches, including seven Buddhist temples and one Taoist temple, 62 mosques, 14 Catholic churches and eight Christian churches.

The reopening of the churches, mosques and temples has helped to expand religious activities for more than 40,000 worshippers in the city's religious community, and normal religious activities have been protected by law.

The churches, mosques and temples also sell religious books and magazines, and religious symbols to meet the demands of the worshippers.

The municipal government has allocated special funds to some 14 of the reopened temples, churches and mosques, which are located on both national and municipal preserved sites.

At present, the city is home to some 400 clergymen, including 141 Buddhist monks, 137 Islamic mullahs, 70 Catholic priests and 43 Christian ministers.

Some 87 of the clergymen have been elected as either deputies to the municipal people's congress, the district people's congress, or as members of the local people's political consultative conference.

Beijing is also home to four religious institutes which have enrollments of some 192 students and more than 40 faculty members.

Michael Fu Tieshan, the bishop of the Catholic church in Beijing, said recently that no normal religious activities would be possible without policies guaranteeing freedom of religious belief.

He noted that many of the theologians are active members of the people's congresses, the people's political consultative conference, women's federations, youth federations and international exchange associations at various level.

Over the past decade, religious organizations have hosted more than 1.85 million visitors from more than 100 countries and regions. The guests have included state leaders, celebrities and religious leaders.

Conference on Reunification Opens in Hong Kong

OW0807135392 Beijing XINHUA in English
1318 GMT 8 Jul 92

[Text] Hong Kong, July 8 (XINHUA)—The second conference featuring bilateral relations between both sides of the Taiwan Strait and the peaceful reunification of China opened here today.

The three-day conference was jointly organized by the mainland-based China Council for the Promotion of Peaceful National Reunification (CCPPNR) [name of group as received] and the Taiwan-based Alliance of Reunification of China (ARC).

Participants were 80 scholars and experts in this regard from 11 organizations on the mainland as well as in Taiwan, Hong Kong, the United States and Brazil. The Chinese delegation includes Qian Weichang, executive president of the CCPPNR, Wang Guangying, president of the CCPPNR, and Cheng Siyuan, president of the CCPPNR [position as received].

The aim of the conference is to seek ways of removing all obstacles in the spirit of putting aside minor differences so as to seek common ground and promote China's peaceful reunification at an early date.

Addressing the opening ceremony, CCPPNR Executive President Qian Weichang said the principle of "one country, two systems" is a practical method of realizing the reunification of China. It was first implemented on the Hong Kong issue and will be of course suitable to other areas, he said.

The present major trend requires all political parties, organizations and individuals on both sides of the Taiwan Strait to put the general interest first, unite as one and strive for the prosperity of the Chinese nation in the 21st century, Qian said.

ARC Honorary Chairman Hu Qiuyuan said that at present, there are two major obstacles impeding China's reunification: Influences from other countries, especially from the United States and Japan, and differences in the ideological sphere.

He believed the mainland and Taiwan should be united in the last eight years of the 20th century. In this way, China could pool the wisdom of the Chinese people and turn into a prosperous and strong country in the 21st century, he said.

He said the mainland is more sincere than Taiwan on the peaceful reunification of China and it is clear to everyone that the mainland makes concessions frequently, thus winning people's sympathy.

Huang Wenfang, director of the Taiwan Affairs Department of the XINHUA NEWS AGENCY Hong Kong branch, said Hong Kong serves as a bridge in the relations between the mainland and Taiwan and its role has become even more important since China's opening in 1987.

So far, more than 3 million Taiwan residents went to the mainland via Hong Kong. The territory also played a part in the majority of economic and trade transactions between the two sides.

The organizing committee of the conference has received over 60 papers, which mainly deal with direct links in commerce, navigation and postage between both sides of the Taiwan Strait.

The first conference was held in Hong Kong in 1990.

Taiwan's Plan Said Not 'Acceptable'

HK0907055492 Hong Kong SOUTH CHINA MORNING POST in English 9 Jul 92 p 11

[By Kent Chen]

[Text] Unification of the Chinese nation under a single social system as proposed by Taiwan President Mr Li Teng-hui would not be acceptable to Beijing, according to a top adviser to the Chinese Communist Party.

Earlier this week, Mr Li said in Taipei that China should be united under a system which guarantees democracy, freedom and prosperity to call Chinese people, rather than being divided by different political ideologies.

Speaking at a symposium on China's unification in Hong Kong yesterday, Mr Qian Weichang, a vice-chairman of the Chinese People's Political Consultative Conference, said: "The time has not yet come for unification under 'one country, one system'."

"The 'one country, two systems' concept is still the best package for resolving the problem of unification," said Mr Qian, who is also the honorary chairman of the mainland-based China Council for the Promotion of Peaceful National Reunification.

The "one country, two systems" concept is enshrined in both the Joint Declaration and the Basic Law to ensure Hong Kong's capitalist system remains unchanged for 50 years after 1997.

Mr Qian said the spirit of this model would also be applicable to Taiwan.

Noting that Taiwan was different from Hong Kong and Macao, Mr Qian said there would be a separate arrangement to allow Taiwan to keep its own troops and participate in national politics.

"But Taiwan should not try to change the social system on the mainland, nor should Hong Kong."

"Don't ever venture into such wishful thinking," Mr Qian warned.

While Taiwan insists the negotiations on unification be conducted between the two governments, Mr Qian said the issue should be discussed by the two parties.

"What is a ruling party for if it cannot even represent the people it rules?" he asked.

The honorary chairman of the Taiwan-based Alliance of Reunification of China (ARC), Mr Hu Qiuyuan blamed "other countries", especially the United States and Japan, for impeding China's reunification.

He also attacked the Kuomintang for its "half-hearted" effort in promoting unification.

Mr Huang Wenfang, director of the Taiwan Affairs Department of the NEW CHINA NEWS AGENCY's [XINHUA] Hong Kong branch, said Hong Kong served as a bridge for relations between the mainland and Taiwan.

Mr Huang also yesterday denied reports that he would retire soon.

"I am, and will be for some time to come the director of the Taiwan Affairs Department under the NCNA," he said.

Commenting on reports that he planned to go into business after retirement, Mr Huang said: "I have been asked to handle Taiwan affairs in a wider perspective to promote economic and cultural exchanges between the two sides."

Asked if he would be promoted to a higher position in Beijing, Mr Huang replied: "I have been in Hong Kong for many, many years and I think this place is suitable to me."

He would not confirm reports that the director of the Foreign Ministry's Taiwan Affairs Department, Mr Wang Zhenyu might be appointed as his successor.

CPPCC Officials Invited To Taiwan

OW1307022392 Beijing XINHUA Domestic Service
in Chinese 0707 GMT 11 Jul 92

[Text] Hong Kong, 11 Jul (XINHUA)—Fan Kwang-ling, vice chairman of Taiwan's "International Cultural Promotion Society," disclosed here on 10 July that 60 cultural and business organizations on Taiwan had formally extended an invitation to Qian Weichang, Wang Guangying, and Cheng Siyuan, all vice chairmen of the National Committee of the Chinese People's Political Consultative Conference [CPPCC], for them to visit Taiwan.

The three vice chairmen came to Hong Kong to attend the "Seminar on Relations Between the Two Sides of the Taiwan Strait and Peaceful Reunification," which closed last night.

Fan Kwang-ling said there might be some difficulties in getting the Taiwan authorities' approval for the CPPCC vice chairmen's visit to Taiwan; however, he said he

would formally submit an application to the authorities concerned for the visit after he returned to Taiwan.

Taiwan Urged To 'Deal With' Fisherman's Death

OW1107214892 Beijing Central People's Radio
in Mandarin to Taiwan 2200 GMT 10 Jul 92

[From the "News and Current Events" program]

[Text] On 8 July the Association for Relations Across the Taiwan Strait sent a letter to the Foundation for Exchange Across the Strait.

The letter reads: Recently we received a letter from the Taiwan Affairs Office under the Fujian Provincial People's Government, saying that: When fisherman Kang Wudi and his wife Kang Shengzi were angling groupers on their small, four-horsepower fishing boat at 118.3 degrees east longitude and 24.3 degrees north latitude—or at a location about three nautical miles from Weitou in Jinjiang and five nautical miles from Jinmen—at about 0700 on 21 June, they were suddenly fired at with one shell by the garrison troops on Jinmen. The point of impact was about two meters from the fishing boat. Kang Shengzi's body was hit by shrapnel in four places and she died instantly. Kang Wudi's back was injured. Fortunately he was saved by Kang Ashi, another fisherman with a boat who was from the same village. The two young children of Kang Shengzi have been crying at the side of their mother's body, and the sight of their grief is unbearable.

Taiwan troops garrisoned on Jinmen and Mazu have fired many times at the mainland's fishing boats while they were engaged in normal productive operations at sea; innocent people have been killed. Not only have these incidents infuriated countrymen on the mainland, but they have also attracted attention and concern from public opinion abroad.

Our association has repeatedly made contacts with your foundation on this issue and has asked you to tell the Taiwan authorities; the issue has yet to be resolved.

It is the bounden responsibility of your foundation and our association to safeguard the lives and property of countrymen on both sides of the strait, and our request should receive your understanding and cooperation. Once again, our association wishes you to relay to the Taiwan authorities that when relations between the two sides of the strait are relaxing, they should immediately stop the troops on Jinmen and Mazu from what they call expelling fishermen from the mainland by shooting at them. Moreover, they should properly deal with the problems arising from the death of the fisherman and provide compensation for the losses of the mainland fishermen.

Positive Statement on Ties Expected From Niger

OW1407041892 Taipei China Broadcasting Corporation News Network in Mandarin 2300 GMT 11 Jul 92

[From the "Hookup" program]

[Text] The Ministry of Foreign Affairs said that the Supreme Council of the Republic of Niger has concluded discussions on the resumption of Sino-Niger diplomatic relations. A majority of its members supported the Niger Government in its decision to resume diplomatic relations with our country. We are still awaiting a clarification from the Niger Government, expected in a couple of days, to clear up the doubts of other countries. Here is a report by Chuang Hui-chun:

[Chuang] Li Chen-hsiung, deputy director of the African Affairs Department of the Ministry of Foreign Affairs, said that in the last few days the Supreme Council of the Republic of Niger has fully discussed the resumption of Sino-Niger diplomatic ties. With the end of the discussions, it has become known that a majority of council members support the Niger Government's decision. On the other hand, our country and Niger continued to maintain normal foreign relations within this period. We are positive and optimistic about future Sino-Niger relations.

[Begin Li recording] We have maintained normal relations from the very beginning of the issue, even in a complicated situation. We, however, need to iron out some differences. We need the prime minister to issue a more official clarification. [end recording]

[Chuang] Deputy Director Li Chen-hsiung said that there are still a few people in Niger with differing opinions. The embassy is still working hard to explain and communicate with the relevant people. Li Chen-hsiung felt that as the Chinese communists have had a long history of relations with Niger, it is not surprising for some Niger people to have close relations with the Chinese communists.

Chiang Chung-liang, a French-speaking official from the Ministry of Foreign Affairs, has arrived in Niger. As for Director Du Ling, he is expected to return in a few days, once the Niger Government issues a clarification and once the embassy is established.

Military Cooperation With Russia Not Likely

OW1407091392 Taipei CNA in English 0801 GMT 14 Jul 92

[Text] Taipei, July 14 (CNA)—Military cooperation between the Republic of China [ROC] and the Commonwealth of Independent States (CIS) is not possible at the moment, Vice Foreign Minister Chang Hsiao-yen said Monday.

Chang told a closed-door joint meeting of the Defense and Foreign Affairs Committees of the Legislative Yuan

that the time is not yet ripe for Taiwan to seek military cooperation with any former Soviet republics.

For one thing, Chang said, the ROC has not yet exchanged representative offices with any CIS states. "Under this background, how can we talk about military cooperation with them?" he asked.

Chang pointed out that Communist China has never ceased its efforts to block Taiwan's arms deals with foreign countries. If the ROC tried to develop military cooperation with the CIS or its member states, he said, Peking would certainly thwart such efforts.

In fact, Chang said, the CIS has been cautious in developing official ties with Taiwan. Against this backdrop, he said, the possibility of establishing ROC-CIS military ties is almost nil.

Moreover, Chang said, political and economic situations in nearly all CIS states remain uncertain and unstable. It is difficult for Taiwan to find a reliable source in the CIS at the moment to talk about arms purchases, not to mention discussing possible military cooperation, he observed.

It is more realistic for now to study the feasibility of developing academic and technological exchanges between Taiwan and CIS states, Chang said.

Taiwan may seek the possibility of purchasing Russian technical know-how, particularly those involving the manufacturing of warship engines and materials for weaponry production, Chang added.

Possible Cancellation of Medicine Aid to Ukraine

OW1407083892 Taipei CNA in English 0738 GMT 14 Jul 92

[Text] Taipei, July 14 (CNA)—Vice Foreign Minister Chang Hsiao-yen said Monday at the Legislative Yuan that the Republic of China [ROC] may cancel the second shipment of medical supplies to Ukraine if it fails to send an airplane to pick it up at an early date.

Chang said in that case the medicines will be given to other countries more badly in need.

The Republic of China has donated US\$15 million worth of medical supplies to Ukraine. The first batch of supplies, worth US\$5 million, was sent to Ukraine in early April by China Airlines.

Ukrainian authorities informed ROC officials in late May and early June that a special plane would come to Taiwan to pick up the medicines. They gave no explanations for the delay.

Chang told legislators that he has sent a letter to Ukrainian officials to explain the situation.

As to the news report that Ukraine is selling warships to Communist China, Chang said that the unconfirmed

report should not hinder the ROC's humanitarian support to Ukraine. Nevertheless, the second shipment of medical supplies can be cancelled should Ukraine supply sophisticated weapons to the Chinese communists to threaten the security of Taiwan.

Executive Yuan Asked To Reconsider SRV Air Link
*OW1407082592 Taipei CNA in English 0747 GMT
14 Jul 92*

[Text] Taipei, July 14 (CNA)—The Transportation and Communications Committee of the Control Yuan adopted a resolution Monday demanding the Executive Yuan to reconsider its decision on the assignment of Taiwan-Vietnam flight right to the nation's three major airlines.

Vietnam has agreed to allow Eva Air and Mandarin Airline to operate direct Taipei-Ho Chi Minh City flights, but the Executive Yuan insisted that China Airlines (CAL) should be given priority to fly the route.

The Ministry of Transportation and Communications will organize a mission to visit Vietnam soon to pave the way for CAL and the other two airlines to start air service between the two countries.

Hung Chun-teh and Hsieh Kun-shan, two members of the Control Yuan, accused the Executive Yuan of being unfair in handling the case. The Executive Yuan's decision is inconsistent with the government's economic liberalization policy, they said.

The resolution asked the Executive Yuan to correct the situation and give a reply to the Control Yuan.

Also speaking at the committee meeting, Control Yuan member Shih Chung-hsiang said, however, that the Executive Yuan's decision to let CAL, the nation's flag carrier, fly the route first is appropriate, because national dignity is more important than economic gains.

Wang Chao-ming, secretary general of the Executive Yuan, said yesterday that it would be inappropriate to comment on how to respond to the resolution of the Control Yuan before consultations with Vietnam on direct air links are completed.

CAL's direct flight service between Taipei and Ho Chi Minh City were suspended twice by Vietnam last year due to strong pressure from Peking.

Aviation officials are reportedly anxious to finalize an agreement with Vietnam on establishing direct air links between the two countries. A supraministerial task force met over the weekend to study ways to boost substantive relations with Vietnam.

Beijing Asked To Help Identity Detained Crew
*OW1407092992 Taipei CNA in English 0809 GMT
14 Jul 92*

[Text] Taipei July 14 (CNA)—The non-official Straits Exchange Foundation (SEF) Monday asked its Mainland Chinese counterpart to help clarify the backgrounds of a mainland boat now being detained at the Keelung Harbor in northern Taiwan.

SEF Secretary-General Chen Jung-chieh said his foundation faxed a message to Peking's Association for Relations Across the Taiwan Strait (ARATS) asking it to help ascertain the identities of the "Xiagongji No. 2" and the 32 mainlanders on board.

The vessel along with its crew was brought to Keelung by a Republic of China [ROC] naval patrol ship late Saturday night after it shot at a Taiwan fishing boat in waters off northeastern Taiwan coasts.

A mainlander aboard the "Xiagongji No. 2" told the Keelung Harbor police that the ship is a customs cutter and himself a public security officer. Two other people on board claimed themselves to be customs officials. The three said they were performing anti-smuggling duty when they mistakenly opened fire at the Keelung-based fishing boat "Hsin Hua Kuo No. 12."

The SEF asked the ARATS to produce official documents verifying the identities of both the "Xiagongji No. 2" and all the mainlanders on board. Ten of the mainlanders reportedly were caught by the "Xiagongji" on a mainland fishing boat smuggling 800 cases of cigarettes.

SEF Secretary-General Chen said the ROC Government is entitled to administer the case as the "Xiagongji" had chased and shot at the "Hsin Hua Kuo" within 24 nautical miles off the Taiwan coasts.

According to widely accepted international practices, a nation can regulate the use of waters within 24 miles offshore for fishing, sanitary and anti-smuggling purposes.

Ma Ying-jeou, vice chairman of the Mainland Affairs Council (MAC), also noted that the ROC has full sovereign rights to administer the case.

Nevertheless, Ma said, the government will take into consideration the "goodwill and justice" principles in dealing with cross-strait affairs.

While upholding its "legal dignity," Ma said, the government will see to it that the handling of the Xiagongji case won't hinder future cross-strait cooperation in cracking down on crime.

Ma said prosecution authorities will decide whether to indict those aboard the mainland boat for shooting at the "Hsin Hua Kuo No. 12" after they complete investigations.

At least four light bulbs of the Taiwan fishing boat were shot broken, but none of the fishermen aboard was injured.

Hong Kong

Article Urges 'Single Vote, Multiseat System'

HK1407071792 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1035 GMT 11 Jul 92

[“Special article” by Lin Kuo-shiong (2651 0948 7160): “Pros and Cons of ‘Single Vote, Multiseat System’”]

[Text] When Hong Kong held its first direct elections last year, most people estimated that a large number of Hong Kong voters would rush out to cast their ballots. Hence, the Hong Kong Government adopted the “two-votes, two-seats system,” where two candidates were elected from each of the nine constituencies, while each voter could cast two votes. Compared with the “single vote, single seat system” (that is, only one candidate per constituency can be elected from the 18 constituencies and each voter has only one vote), the advantage of this system is that in giving each voter two votes and not just one vote, it encourages voters to take part in elections and other political activities. To the political parties taking part in the elections, the system of two votes per voter can lead to “joint votes” and enable them to win more seats, which in turn helps the political parties grow and mature.

Right To Abstain From Voting and From Smoking

The election results, however, showed the aforementioned estimates to be incorrect, as the number of registered voters was less than 2 million, or less than half the total number of voters of 4.1 million, while the turnout was put at only 760,000, or 20 percent of all voters. In other words, some 80 percent of the voting population gave up their voting rights. It also means that the great majority of voters opted to exercise their right to abstain from voting and instead to spend their time and energy in making money or other matters. There is no doubt, however, that their rights and privileges are similar to those of the 20 percent who cast their ballots. As they are all residents of Hong Kong and are similarly affected by the election results as well as by the laws formulated by the Legislative Council, the rights and privileges of the voters who did not cast their votes therefore should also be respected and protected, especially as abstention was the choice of the great majority of the voting population. The right to abstain from voting is the same as the nonsmoker's right. Not only can the nonsmoker opt not to smoke, he can also demand a certain degree of restriction on the smoker, because smoking is the same as voting in that its consequences affect everyone.

80 Percent Did Not Cast Their Votes, But the Popular Will Was One-Sided

Of the 18 directly elected legislative seats last year, 90 percent were monopolized by the self-proclaimed “liberals,” who also monopolized the popular will. Actually, of the roughly 4.1 million voters, 80 percent did not cast their ballot in support of the liberals, while among the 20

percent of voters who turned out, perhaps many, also did not support the so-called “liberals.” But the result of the election was that they monopolized the legislative seats as well as the popular will. Numerically speaking, this situation appears a bit irrational, one possible cause being the effect of “joint votes.” And given the participation in the elections of only 20 percent, or less than half the voters, the influence seems too excessive and unfair to the 80 percent who did not cast their ballots.

Because 80 Percent Did Not Vote, A Way Should Be Found To Prevent the Monopoly of Seats and Popular Will

To the 80 percent who chose to abstain from voting, adopting a “single vote, multiseat system” is more fair. Hence, the “two votes, two seats system” adopted in 1991 should be improved and changed to a “single vote, multiseat system” in order to eliminate the unfair influence of “joint votes” and thus respect and protect the majority who chose not to exercise their right to vote.

If the voters of Hong Kong truly and widely support the “liberals” in full force, then the “single vote, multiseat system” will similarly lead to a monopoly of seats and of popular will, but without the effect of “joint votes,” it will be more difficult to do so than with the “single vote, single seat system.” But the addition of this degree of difficulty is both fair and reasonable, because with 80 percent of the voters abstaining, it should be more difficult to monopolize or win the majority of seats as well as the popular will which is representative of that of the great majority.

Apoliticization Is Not a Bad Thing

Naturally, the people who choose to abstain from voting also have the right to vote, so that the unfairness of the “two votes, two seats system” can be counterbalanced. But this is just theory, while the objective reality is that the people of Hong Kong are not very interested in casting votes and in political activities. Time and again, the rate of voter turnout has never exceeded 59 percent. Last year, the Hong Kong Government launched a massive campaign and even adopted the “two votes, two seats system” to encourage voters to vote, but still the great majority of Hong Kong people remained passive about politics. They are the silent majority of Hong Kong.

While “political democratization” is the trend in the world today, its degree and pace should be consistent with the needs of each place. As Hong Kong is a place where “economics reigns supreme,” it is likely that most voters chose to abstain from voting because they concentrated their energy and time on economic production and refused to waste their efforts in political activities. This is the distinctive feature of Hong Kong as well as the secret of our success. In deciding on the kind of electoral system to be adopted, the Hong Kong Government should take into account the silent majority who abstained from voting and find ways to protect the

interests of this great majority of people because apolitization is one of the principal reasons for Hong Kong's economic success.

Preservation of Executive Predominance

Hong Kong's political system has always been executive-led and not legislative-led. No doubt the "single vote, multiseat system" will make it very difficult for the bigger political parties to get two candidates elected in one constituency. This will benefit the smaller political parties. As a result, the legislative council will have views from more political parties and it can then be said that the power of the legislative council will not be concentrated in one single party. This will have a weaker impact on the Hong Kong Government, which has always opted to be executive-led and is consistent with the principle of a smooth transition in 1997.

Conclusion

At the moment, the great majority of Hong Kong voters are apolitical and do not exercise the right to vote. Therefore, it is necessary to adopt the "single vote, multiseat system" so that 1) voters who vote will have their one single vote and 2) the majority of voters who abstain will be protected.

UK's Hurd, Vice Minister Jiang Discuss Airport

OW1407023792 Beijing XINHUA in English
0200 GMT 14 Jul 92

[Text] London, July 13 (XINHUA)—British Foreign Secretary Douglas Hurd and visiting Chinese Vice Foreign Minister Jiang Enzhu held talks today on financing arrangements for Hong Kong's new airport and on other matters of mutual concern.

During the 30-minute talks, Jiang said China and Britain had a mutual interest in maintaining the prosperity and stability of Hong Kong and in securing its smooth transfer in 1997.

China, he said, had always taken a positive attitude to the construction of the new airport as it was important to Hong Kong's economic development in the long term.

A Chinese Foreign Ministry official told XINHUA after the meeting that Jiang and Hurd had agreed to continue their talks on the financing of the airport.

Jiang said it would not be difficult to find a solution to the issue if both parties observed the memorandum of understanding on the construction of the airport, which was signed last year.

A British Foreign Office spokesman said both Britain and China hoped to make progress on the airport financing arrangements at the next airport committee meeting in Hong Kong later this week.

Sino-British Airport Committee To Meet 16 Jul

OW1307122292 Beijing XINHUA in English
1142 GMT 13 Jul 92

[Text] Hong Kong, July 13 (XINHUA)—The Sino-British Airport Committee will hold its next meeting in Hong Kong on July 16.

The two teams will be led by Chinese and British senior representatives to the Sino-British Joint Liaison Group, Ambassador Guo Fengmin and Mr. Anthony Galsworthy.

Cathay Pacific Shares Sold to 2 PRC Companies

HK1407014092 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 14 Jul 92 pp 1, 2

[By Lucinda Horne and Gareth Hewett]

[Text] HSBC [Hongkong and Shanghai Banking Corporation] Holding has shed the last vestige of its stake in Cathay Pacific Airways in a \$3.39 billion [Hong Kong dollars] deal that gives China National Aviation Corp (CNAC) and China Travel Service (CTS) a combined 10 percent of the territory's designated flag carrier.

News of the sale of the 143.41 million shares at \$11.80, increasing the mainland holding in the company from the 12.5 percent held by CITIC Pacific to 22.5 percent, was welcomed by Hong Kong brokers.

The Cathay share price jumped 70 cents, or 5.88 percent, to close at \$12.60 on a turnover of \$74.61 million.

The two new shareholders will each hold a five percent stake in the airline.

Brokers argued that the new mainland participation in the stock boded well for the company's future in Hong Kong after 1997. It was also taken as signalling strong long-term commitment by the Chinese to the proposed airport project.

HSBC shares jumped \$2 or 4.1 percent, to \$52 on a \$555.82 million turnover on the news of the sale. HSBC was further boosted by the listing of new shares in London as part of the agreed takeover of Midland Bank.

Analysts said the bank would book \$3.16 billion of the total as profit on the shares, taken up from British Airway in 1971.

Hongkong Bank sold down 108 million Cathay shares in December at \$9.50 a share, a rising around \$1 billion, and 80 million shares at \$8.58 a share, raising some \$686.4 million, in April.

Cathay chairman Peter Sutch said the airline was "sorry" to lose the bank as a shareholder. "However, we are pleased to have CNAC and CTS as shareholders and believe that their involvement in Cathay Pacific reflects the increasing cooperation between airlines in Hong Kong and aviation and tourism in the People's Republic of China."

CNAC chairman Hu Yizhou and CTS chairman Lin Shuiliang are to be invited to join the board of the airline.

At HSBC, chairman William Purves said: "Although it had been our intention to retain a long-term investment of 10 percent in Cathay Pacific, aviation is clearly not a core business for a financial services group and it was considered appropriate to respond positively to this approach."

A joint statement issued by Cathay and the mainland parties said CNAC and CTS would remain as long-term investors. "Participation by CNAC and CTS as shareholders in Cathay Pacific will also help to assure one objective of the Joint Declaration: that the Hong Kong Special Administrative Region should remain—and indeed be further developed—as a centre for international and regional aviation."

The statement said discussions had been taking place between the parties for some time and the mainland side had expressed an interest in acquiring a shareholding.

"This was welcomed by Cathay Pacific as a positive development both for the airline and for the future of Hong Kong," said the statement.

"Cathay therefore approached the Hongkong and Shanghai Banking Corporation and asked whether it would be interested in selling its indirectly held shareholding."

Cathay yesterday emphasised that the deal was purely a "financial transaction" between Hongkong Bank and the two Chinese entities.

No deal-making on aviation matters between Cathay Pacific and the new shareholders was involved, said a spokesman.

Other benefits coming to the airline from the new stakeholders had not been discussed with CNAC and CTS, added the spokesman.

However, Cathay Pacific does see scope for greater cooperation between aviation interests in Hong Kong and China.

Positive sentiment towards the deal was echoed by Mr Wang Pingqiang, vice-director of the local branch of the NEW CHINA [XINHUA] NEWS AGENCY, who said the acquisition would strengthen the future cooperation and development between Hong Kong and China on the aviation business.

"It will be good for the stability and prosperity of Hong Kong," he said, but he did not elaborate. Mr Wang was speaking after opening a Chengdu investment seminar in Wan Chai.

S.G. Warburg analyst Anthony Belligan said one of the biggest side-benefits of the transaction was to Hong

Kong's role in regional aviation. Cathay's position as Hong Kong's designated carrier appeared to be assured beyond 1997.

Strengthening of aviation relations between Hong Kong and China was "good news" for the territory, especially in view of the expected opening of direct air links between Taiwan and China over the next few years.

China was more likely to make sure links with Taiwan would not hurt aviation interests in Hong Kong, he said.

This meant Taiwan would not be able to steal as much of the gateway role from Hong Kong as it might have done otherwise.

Mr Thomas Grant, aviation analyst with DBS Securities, said the deal meant China had a much more important stake in the new airport through its investment in Cathay Pacific, given that the airline would be using Chek Lap Kok as its home base.

"I am speculating this will be a plus for negotiations—China has much more of a vested interest in the airport," he said.

"In terms of the big picture it is very good for Cathay for the long-term.

"Stronger Chinese interests would be valuable in the run-up and after 1997 and strengthen the case for going ahead with Chek Lap Kok," he said.

The increased Chinese exposure to Cathay Pacific could also improve Cathay's position in routing rights negotiations with China, he said.

CNAC Announces Share Purchase

OW1407091592 Beijing XINHUA in English
0852 GMT 14 Jul 92

[Text] Hong Kong, July 14 (XINHUA)—The China National Aviation Corporation (CNAC) and China Travel Services of Hong Kong (CTS) have used 3.39 billion H.K. [Hong Kong] dollars (435 million U.S. dollars) to buy ten percent shareholding in the Cathay Pacific which was indirectly held by the Hong Kong and Shanghai Banking Corporation.

This is a result of recent discussions between Cathay Pacific, the CNAC, a majority owned subsidiary of the Civil Aviation Administration of China, the aviation regulatory authority of China, and the CTS.

According to a joint press statement, Fort Hall Ltd., an indirectly held wholly owned subsidiary of the Hongkong Bank entered into agreements with CNAC and CTS for the sale to each of them of 143,413,826 shares of .20 H.K. dollars each in Cathay Pacific, and the sale is expected to be completed on July 21, 1992.

The sale price is 11.80 H.K. dollars per share, producing a total consideration of approximately 3.39 billion H.K. dollars, it said.

Chairman of CNAC Hu yizhou and chairman of CTS Lin Shuiliang are to be invited to join the board of Cathay Pacific, the press statement said.

The statement said that the intention of the CNAC and CTS is that their shareholdings will be long-term investments. Participation by CNAC and CTS as shareholders in Cathay Pacific will also help to assure one objective of the joint declaration: that the Hong Kong special administrative region should remain—and indeed be further developed—as a center for international and regional aviation.

This, in turn, is a key factor in the continuing success and prosperity of Hong Kong as a financial and trading center, it added.

Nine-Day Shanxi Trade Fair Concludes

*OW1407092092 Beijing XINHUA in English
0842 GMT 14 Jul 92*

[Text] Hong Kong, July 14 (XINHUA)—A nine-day Shanxi provincial trade fair concluded in Hong Kong today, yielding an unexpected success.

The fair, the second but the largest one held in Hong Kong, attracted 20,000 visitors and 3,000 businessmen from a dozen countries and regions including the United States, Italy, Brazil, Pakistan and Taiwan.

The fair obtained an export value of 80.3 million U.S. dollars, doubling the anticipated figure, said Liang Shengyin, director of the Shanxi Provincial Foreign Economic Relations and Trade Bureau.

Major exported items covered textiles, chemicals, machinery, cereal, hardware, handicrafts and local specialities and animal by-products.

It also won 42 foreign-funded agreements with a contractual value of 680 million U.S. dollars.

In addition, 45 letters of intent were signed during the fair.

Of the signed projects, the biggest one is a 172-kilometer-long first grade highway linking Taiyuan, capital of Shanxi Province, with neighboring Hebei Province. The highway, solely funded by the Morgan Gaenell Co. Ltd., will cost an estimated cost of 500 million U.S. dollars.

The highway, which will eventually be linked with the Beijing-Tianjin expressway, is of vital importance to the economic development of Shanxi, Liang said.

Other projects included exploration of a copper mine with an annual production capacity of 200,000 tons, upgrading of an existing hotel into a four-star one with 660 beds and some high-tech items.

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